



Daily Report

China

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Daily Report

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General

Spokesman: China Studying U.S. APEC Proposal

HK1307162693 Hong Kong WEN WEI PO in Chinese
9 Jul 93 p 2

[Dispatch from Beijing by staff trainee reporter Li Hsiao-ping (2621 4562 0393): "The Foreign Ministry's Response to Clinton's Relevant Remarks on an APEC Summit"]

[Text] Beijing, 8 Jul (WEN WEI PO)—The Chinese side is studying U.S. President Clinton's proposal to elevate the Asia-Pacific Economic Cooperation [APEC] forum to an Asia-Pacific summit made not long ago, Chinese Ministry of Foreign Affairs spokesman Wu Jianmin stated here today. He indicated that should the summit be successfully initiated, Taiwan and Hong Kong would not be eligible for participation, for they are not sovereign states.

Comments on Group of Seven Summit in Tokyo

'Commentary' on Results

HK1307114593 Beijing RENMIN RIBAO in Chinese
11 Jul 93 p 6

["Commentary" by staff reporter Zhang Guocheng (1728 0948 2052): "Seek Common Ground While Reserving Differences, Coordinate Policies—On Tokyo G-7 Summit"]

[Text] Tokyo, 10 Jul (RENMIN RIBAO)—On 9 July, the 19th Group of Seven [G-7] summit pronounced its conclusion after winding up the predetermined agenda and adopting the "political declaration" and "economic declaration."

The current summit was convened against the background of the economic slowdown into which various Western countries have sunk. The U.S. budget deficit remains high and economic recovery lacks momentum; the economic slowdown in Japan has lasted for nearly two years with a growth rate of only 1.3 percent recorded last year, but the huge trade surplus has made Japan a target of public censure; and Europe's economies also are bogged down in the worst recession since World War II, with the unemployment rate hitting 10 percent. That was why an outstanding feature of the current summit was that it focused on economic issues. At the meeting, most of the time was devoted to the discussions of economic issues, and the "economic declaration" was twice as long as the "political declaration." In comparing the two, the political issues have been touched on lightly, as the "political declaration" adopted by the meeting, by and large, only reiterates the views of the G-7 nations attending the summit on the flash point problems in the present world.

In a bid to break away from economic predicament, leaders of the G-7, after expressing their own views,

eventually agreed to readjust their macroeconomic policies. The "economic declaration" maintains that Japan should reduce its trade surplus, the North American region should cut its budget deficits, and Europe should promptly lower interest rates. The declaration indicates: "In order to ensure sustained noninflationary growth led by strong internal demand, the G-7 summit is paying attention to the issue of long-term financial soundness and will implement fiscal and monetary measures as necessary." It also points out: "This will contribute to the important goal of significantly reducing the foreign trade imbalance." Public opinion in Japan holds that "this wording is the most rigorous of all on the issues of the three regions."

In the speeches delivered by leaders of various countries, all expressed hopes to conclude the Uruguay Round of talks within this year, but they made no concessions on specific matters. With regard to the issue of market access, the ministers of the four parties comprising the United States, Japan, Canada, and Europe have held negotiations three times, but have failed to come to any conclusion. On the eve of the summit meeting, ministers of various parties discussed the issue late into the night, but, by daybreak, no agreement could be reached. Finally, Japan took the lead in making concessions by deciding to waive import duties for eight products so that a unanimity of views on this subject was at last achieved just two hours before the opening of the summit. This is positive progress. However, the more difficult issues such as trade of agricultural products and others still remain unsolved. Although efforts to conclude the Uruguay Round of talks within this year were again written into the "economic declaration," what the prospects will be has yet to be seen.

At present, the serious unemployment is a major problem that has puzzled leaders of the G-7 nations attending the summit. The meeting stressed that the structural issue which has hampered economic development for a long time has to be tackled, but it did not put forth any specific measures to resolve the current unemployment problem. In this connection, Clinton proposed to host a special summit meeting to settle this problem.

In their speeches at the current meeting, leaders of the G-7 nations except Japan almost all called for the latter to take measures to reduce its trade surplus, which exceeds \$130 billion. The two meetings between U.S. President Clinton and Japanese Prime Minister Miyazawa held after Clinton arrived in Japan also focused on this subject. Clinton proposed a program for defining the "concrete amount" in assessing the economic actions of the two countries, but Miyazawa thought that there should only be a "reference amount." This way, they failed to reach a consensus. After a whole night of consultations between the two countries' officials in charge of routine work, the two leaders announced a compromise proposal today while meeting reporters before Clinton left Japan. According to this proposal, neither the "concrete amount" nor the "reference amount" will be applied. Instead, an "objective

amount" is suggested. It seems difficult to resolve the issue of Japan's huge trade surplus for the moment.

On the issue of assisting Russia, the summit unanimously agreed to provide an aid package of \$3 billion for Russia's plan of enterprise privatization. It once again called for Russia to adopt measures of self-assistance.

The current G-7 summit has reached a certain consensus on coordinating macroeconomic policies. This is the outcome of seeking common ground while reserving differences, and it is not won easily, indeed. In the present circumstances, however, it is still rather difficult for the Western countries to effectively tide over the economic recession.

Summit 'Could Not Help Much'

HK1207125493 Hong Kong WEN WEI PO in Chinese
12 Jul 93 p 2

[Editorial: "The G-7 Summit Does Not Achieve Substantial Results"]

[Text] The top-level economic conference of seven Western countries was held in Tokyo this year. This summit did not take place at a good time: France, the United States, Japan, the UK, Germany, Italy, and Canada continued to see economic depressions and high unemployment rates; their political situations are not stable and their contradictions have deepened; and the prospects of international crisis regions, such as Bosnia, are not clear. The seven heads of state could neither recover their countries' strength nor aid the world. The Tokyo summit had more formalities to follow than topics to discuss and could not help much in bringing about a turn for the better in the Western world economy.

Economic depressions in the seven countries directly affected their political situations. Clinton has replaced Bush. But the U.S. gloomy economic situation determined the voters' choice, rather than this former Arkansas governor being more talented than others. Since Clinton entered the White House, there have been no signs of improvement in the U.S. economy, and so U.S. public support for him has dropped to a new low. This is not unique but is accompanied by the UK, whose Prime Minister John Major is being reproached by the public and the Conservative Party and has lost almost all his political prestige. French President Mitterrand's position is weak because administrative powers have fallen into the hands of his political opponents. The French prime minister's (who did not attend the Tokyo summit) open criticism of the U.S. sanctions on European steel has evoked strong resentment in the United States. The newly elected Italian and Canadian prime ministers are facing domestic economic and social problems. Germany is economically the strongest country in Europe, but it has not emerged from the bottom of its economic recession. The violence perpetrated by the neo-Nazi party has brought disgrace to Germany. Chancellor Kohl is in a difficult situation. The most awkward

was the host country, Japan. The ruling Liberal Democratic Party is likely to lose its "long-term ruling" position and Prime Minister Miyazawa has been reduced to caretaker status. These seven heads of state or government have their own difficult problems to tackle.

But because these seven leaders wanted to make achievements at the Tokyo summit so that they could have something to explain to their citizens after returning to their home countries, they had to do their best to coordinate with each other. At least the political and economic declarations of the summit should have had some new content. In the political declaration, the seven countries all hope for the United Nations to strengthen its role so that it will become more effective in preserving peace. The United Nations has become more important in international affairs since the end of the cold war between the two superpowers, and it has also made real contributions to preserving peace, an example being Cambodia. But its ability has fallen short of its wishes in some regions, such as Bosnia. In Somalia it has caused conflicts among local civilians. Therefore how to strengthen the United Nations' role is not only a topic the seven countries should discuss; more importantly, they should solicit the opinions of Third World countries. The seven countries demanded Israeli withdrawal from the land it has occupied since the 1967 Middle East war. This is a new proposal and constitutes certain pressure on Israel. The political declaration abandoned last year's summit decision on "carrying out armed intervention in Bosnia when necessary." This is apparently wise.

In the economic declaration, the seven leaders promise to make common efforts to stimulate economic growth and promote international trade. Japan promises to take measures to stimulate domestic consumption, the United States will make efforts to reduce deficits, and the four European countries agree to reduce interest rates. Moreover, the participants reached an agreement on abolishing tariffs for products under eight categories. Clinton called it a "breakthrough" and predicted that this would provide many new job opportunities for the United States and help raise the American standards of living. Viewed from the whole world, if the seven-country agreement on reducing tariffs can facilitate the smooth conclusion of the Uruguay Round talks at the end of this year, it will really mean a breakthrough, because the nations at the three previous summits had promised to reach agreements on the Uruguay Round at the ends of those years, but they could not. If their current commitment comes true, it will have a good influence on international trade. However, whether the proposals in the economic declaration come true and whether it will help stimulate the seven economies does not present optimistic prospects.

President Yeltsin also arrived in Tokyo, where he attended what they called a seven plus one conference. At an emergency meeting of the seven countries' foreign ministers in Tokyo in April this year, the seven countries promised to provide economic aid of \$40 billion to

Russia. But the current summit had reduced the amount to \$3 billion. Yeltsin openly expressed his dissatisfaction over this reduced aid. No matter what, Russia cannot rely on foreign aid for its invigoration, and the seven countries have no intention or ability to help Russia out of its economic predicament.

'Special Article' on Summit

HK1207125693 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 12 Jul 93 p 6

["RENMIN RIBAO Special Article" by Li Changjiu (2621 7022 0036): "The Key Lies in Action—Commenting on G-7 Summit"]

[Text] The three-day Group of Seven [G-7] summit ended in Tokyo, the Japanese capital, on 9 July, during which the "Political Declaration" and "Economic Declaration" were published.

Judging from the bilateral and multilateral talks before the summit and the subjects discussed at the meeting, the current summit focused its discussions on economic problems. The "Economic Declaration," which covers 16 points, enunciates the participants' views on the issues of world economy, trade, environment, aid to Russia and the developing countries, and so on, on which their policies were coordinated.

The summit was convened against a background of serious economic recession in the West, and the uncoordinated economic policies and aggravated trade frictions among the United States, Japan, and Europe. According to the latest prediction of the Organization for Economic Cooperation and Development, the U.S. economic growth rate this year can only reach 2.6 percent, Japan's economy will only grow by 1 percent, and the economies of the 12 countries in the European Community [EC] will have a negative growth of 0.5 percent, of which, Germany will see a 1.9 percent negative growth. Slow economic growth directly restricts employment. The number of unemployed in the seven countries attending the summit has reached 23 million, and, in particular, the unemployment problem in West Europe is increasingly grave.

The "Economic Declaration" published by the summit maintains that the speed of the world economic recovery is very slow at present; hence, the seven participants must adopt corresponding measures to tackle the structural problem that has hampered economic development for a long time. Countries and regions in Europe, North America, Japan, and so on, should make efforts to promote their economic development. The "Economic Declaration" definitely calls for Japan to continue adopting measures and practicing necessary financial and banking policies to bring about economic development with stress on expanding domestic demand with a view to reducing surpluses in the current account of international payments; calls for West European countries to further cut their interest rates in a bid to stimulate economic recovery; and calls for the United

States to deliberately reduce its financial deficits and increase investment to accelerate economic development.

Before the G-7 summit, trade ministers of the four parties comprising Japan, the United States, Canada, and the EC, unanimously agreed on the issue of market access. But, the United States and the EC did not completely forsake their tough stand on import duties for products including textiles, semiconductors, and others, and Japan did not agree to substantially cut the import duty of forest products, either. The "Economic Declaration" stresses that in the future, pushed by the unanimity of views achieved by the four parties, negotiations will continue to strive for reaching an agreement on the GATT's Uruguay Round of multilateral trade talks within this year.

The "Economic Declaration" also maintains that privatization of state-run enterprises and reform are extremely important for Russia to turn into a market economy. The leaders of the G-7 and Russian President Yeltsin held a "seven plus one" meeting, at which it was decided that \$3 billion in aid be provided to Russia for its privatization program.

Leaders of the G-7 feel that the sustained economic development in the developing countries is of vital importance to the global economic growth, so the seven countries should increase their assistance to developing countries. But no specific measures have been proposed.

In face of the grim economic situation, consensus on some major problems has been reached at the current summit, and some positive achievements have been attained. However, when the interests of various countries are involved, a divergence of views still exist. It is not easy to put into effect the consensus reached, either. The commentary of the Associated Press believes that it is very difficult to make good the summit's promise on creating more job opportunities.

'Roundup' on Iraqi Rejection of UN Inspectors

OW1407010893 Beijing XINHUA in English 2054 GMT 13 Jul 93

["Roundup" by Zhang Dacheng and Li Yichang: "Why Iraq Refuses Sealing of Missile Sites"]

[Text] Baghdad, July 13 (XINHUA)—Last Monday [5 July], a UN weapons inspection team led by Nikita Smidovich was forced to withdraw from Iraq after Iraq refused to allow the installation of two sensitive monitoring video cameras at two missile testing sites.

On Sunday [11 July], another inspection team led by Mark Silver cut short its visit after Iraq refused to allow it access to the testing sites to seal the key equipment at the two sites, thus deepening confrontation between Iraq and the United Nations.

Why did Iraq persistently reject the UN inspectors' demands?

The director of the Iraqi Military Industry Commission, Lieutenant General 'Amir Muhammad Rashid, explained the reason during his talks Saturday night with Mr. Silver at the inspector's permanent office at downtown Sheraton Hotel.

Iraqi Foreign Minister Muhammad Sa'id al-Sahhaf also elaborated the Iraqi stand on the dispute in his letter to the president of the UN Security Council Sunday following the abrupt suspension of Silver's mission.

One of the two controversial missile testing sites lies in al-Yawm al-Azim, 70 kilometers south of Baghdad, which is used for testing solid-fuel short-range missiles. The other lies in al-Rafah, 70 kilometers southwest of Baghdad, which is used for testing liquid-fuel short-range missiles.

Iraq argued that the testing sites were set up in 1992 with the consent of the special commission in charge of scrapping Iraq's weapons of mass-destruction. Since they were not set up before the 1991 Gulf war, they should not be prohibited under Ceasefire Resolution 687.

On the range of the missiles, Iraq argued that all the missiles under testing at the two sites have a range of not exceeding 150 kilometers, a limit allowed in the UN resolution.

On the method to monitor the two sites, Iraq argued that these sites have been checked many times by the UN weapons inspectors, who are familiar with everything at the sites and have not questioned anything before. So, there is no need to install video cameras at the sites and even to seal the key equipment. Inspectors are and will be welcome to the sites.

On the removal of equipment from the sites, Iraq argued that they had been removed under the surveillance of the inspectors of the visiting Smidovich team to other places before the June 27 American cruise missile attack on Baghdad, thus avoiding the attack. Any inspection to the equipment at the present places are welcome and they can be removed again to any places selected by the inspectors.

On the test and production of the short-range missiles, Iraq said that as a sovereign state, it has the right to develop its own military industry including testing and producing the short-range missiles within the provisions of Resolution 687. As soon as the present crisis is over, Iraq will remove the equipment back to the original sites to continue their tests.

Iraq held that monitoring these two sites are not within the provisions of Resolution 687, but within those of UN Resolution 715, which calls for a long-term monitoring of Iraq's military capabilities.

However, Iraq, which has not accepted Resolution 715, blamed the UN team for violating its sovereignty and

independence, saying that it is ready to discuss the implementation of the resolution only after the Security Council makes an assessment of its implementation of Resolution 687.

Iraq stressed that the executive chairman of the UN special commission, Rolf Ekeus, has said that Iraq has actually fulfilled 95 percent of the provisions of the resolution, while the International Atomic Energy Agency has also said now there is no nuclear activities related to Iraq's nuclear weapons program.

Resolution 687 says in paragraph 22 that the Security Council shall review Iraq's implementation of the resolution every 60 days for the purpose of determining whether to modify further or lift the prohibitions referred to therein.

Paragraph 23 says that following the total destruction of Iraq's weapons of mass-destruction (biological, chemical and nuclear weapons and long-range missiles with a range greater than 150 kilometers) and the total compensation to all the losses and damage related to Iraq's August 1990 invasion of Kuwait, the UN prohibitions against Iraq shall have no further force or effect.

Referring to the above provisions of Resolution 687, Iraq demanded the Security Council reconsider its implementation of the resolution and give a clear assessment of its compliance and therefore lift or partly lift the economic sanctions imposed on it since the Gulf crisis started.

Iraq argued that the consistent refusal by the Security Council to assess its compliance with Resolution 687 is unreasonable and is the result of the influence by certain big powers.

UN officials have maintained that the installation of the video cameras at the sites will keep an effective monitoring of the sites to prevent any prohibited activities, that the sealing of the key equipment will make sure the Iraqis cannot use them until they accept Resolution 715 which is non-negotiable.

With regard to Iraq's request of lifting the economic sanctions, the Security Council has maintained that the sanctions will not be lifted until the total implementation of all the relevant UN resolutions.

As the latest development, the Security Council held a meeting Monday to discuss the situation following the Iraqi refusal. As a result, Ekeus will arrive in Baghdad Thursday as an envoy of the Security Council to force Iraq to accept Resolution 715.

The United States has warned Iraq many times that it will take every means including military strike to force it to fully comply with the UN resolutions.

Iraq has said it wants to solve the dispute peacefully. It has urged the Security Council to stop any "possible

military aggression" against it, saying that it has no other choice but resort to arms if its sovereignty and dignity are under threat.

Russia To Meet U.S. on Rocket Deal With India
OW1307234293 Beijing XINHUA in English 2316
GMT 13 Jul 93

[Text] Washington, July 13 (XINHUA)—The United States and Russia will continue talks over the next several days on Moscow's rocket technology sale to India, State Department spokesman Michael McCurry said here today.

He said a Russian delegation is arriving in Washington today and the two sides may start negotiating Wednesday [14 July] on the deal, which led to an abrupt postponement of a visit by Russian Prime Minister Viktor Chernomyrdin last month.

Washington accused Moscow of breaching the Missile Technology Control Regime (MTCR) by agreeing to sell rocket engines and related technology to India.

New Delhi insists that the 400 million dollar transaction agreed last year is aimed at launching a new generation of weather and communications satellites while Washington says the technology could be used for missiles.

The Russian INTERFAX News Agency reported today that Moscow could announce cancellation of the transaction as early as Thursday as a result of Washington's pressure.

"Russia could announce on Thursday it is refusing to supply India with cryogenic rocket engines," INTERFAX quoted reliable sources as saying.

McCurry avoided directly commenting on the report, but said Chernomyrdin's visit was still "dependent on the result of discussions with Russia."

"We'll have to wait and see," he said.

The upcoming negotiation "is pursuant to discussions that occurred between Presidents (Boris) Yeltsin and (Bill) Clinton in Tokyo, and we'll have to see what kind of progress they make as those discussions continue," McCurry said.

"We have reason to believe that the discussions will continue fruitfully, but we don't want to prejudge the outcome of the discussions," the spokesman said.

Last month, the United States imposed new sanctions on the Russian enterprises involved in the deal, banning U.S. firms from doing business with them.

The sanction was later waved pending further bilateral talks.

Jiang Zemin Accepts Ambassadorial Credentials
OW1407053593 Beijing XINHUA in English 0324
GMT 14 Jul 93

[Text] Beijing, July 14 (XINHUA)—Chinese President Jiang Zemin accepted credentials presented by four foreign ambassadors to China at the Great Hall of the People here this morning.

They were Eritrea's first ambassador to China Ermias Debessai Hidad, Mexican Ambassador to China Manuel Rodriguez Arriaga, Kenyan Ambassador to China James Simani and Tanzanian Ambassador to China Seif Ali Iddi.

State Markets Hope for International Links
OW1407092293 Beijing XINHUA in English 0837
GMT 14 Jul 93

[Text] Shanghai, July 14 (XINHUA)—China's state markets are striving to hook up with the international market.

According to the information provided by the State Planning Commission, China has 12 state markets engaging in futures trading, with ten in its eastern coastal areas.

Preparation is underway to build 30 state markets, most of which are scheduled to be located in the coastal areas.

The key index for these state markets has been listed on the international market.

The Nanjing Oil Exchange in Jiangsu Province has released its quotations to the world via the American Press [name as received] (AP) and Reuters.

A number of state markets, which develop more rapidly, have paved the way for Chinese enterprises to enter the international market.

The newly-opened Shanghai Metals Exchange presents timely reporting of New York and London market quotations and its members may undertake international futures trading of metals via the exchange.

Some markets have adopted standards in line with international conventions, according to the information.

Efforts of China's state markets to link with the international market have been praised and supported by its counterparts in the world.

United States & Canada**Qian Qichen Interviewed by U.S. TV Station**

OW1407091193 Beijing XINHUA in English 0847
GMT 14 Jul 93

[Text] Beijing, July 14 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen was interviewed here today by Robert Oxnam, reporter on assignment for "News Hour" of the Public Broadcasting Service (PBS) of the United States. Qian answered questions concerning international and domestic issues.

NPC's Qiao Shi Receives U.S. Businessman

OW1307130193 Beijing XINHUA in English 1249
GMT 13 Jul 93

[Text] Beijing, July 13 (XINHUA)—Qiao Shi chairman of the Standing Committee of the Chinese National People's Congress, said here today that "our biggest hope is to manage the affairs of our own country well, while holding our own positions on international issues."

Briefing the visitors on China's domestic situation during a meeting with Stephen Robert, chairman of the board of Oppenheimer and Co. Inc. Of the United States, Qiao said China has made certain achievements in implementing its reform and opening policies in the past 15 years, but as a country of over one billion people, China is still an agricultural country and still belongs to the Third World.

He noted that China has set out to solve some problems which have occurred in economic development by adopting economic measures such as strengthening macro control.

Meanwhile, he noted, China is willing to draw on the experiences of other countries in this regard.

Qiao said China needs a long period of time to develop its economy, and expressed the belief that China will become a modernized socialist country through the efforts of several generations.

On Sino-U.S. relations, Qiao said China hopes to further develop bilateral relations on the basis of the three Sino-U.S. joint communiques. He added that China and the U.S. should increase mutual understanding, thus increasing mutual trust.

Robert said he appreciated the achievements China has made in its reform and opening-up. He also expressed the willingness of his company to enhance co-operation with China and support the country's reform.

Robert and his party came to China yesterday as guests of the Tianjin Municipal Government.

President Clinton To Inspect Midwest Floods

OW1407054493 Beijing XINHUA in English 0434
GMT 14 Jul 93

["Roundup: Clinton To Inspect Flood-Ravaged Midwest"—XINHUA Headline]

[Text] Washington, July 13 (XINHUA)—President Bill Clinton will shorten his three-day Hawaii vacation and fly back to inspect the flood damage in the Midwest, White House sources said today.

The President said that the damage caused by the Mississippi River flood was "much worse" than he had observed while touring the flood areas on July 4 en route to the Tokyo economic summit of the Group of Seven industrialized countries.

Clinton decided to shorten his vacation after receiving a number of reports from Vice President Al Gore who made an inspection trip to the flood-stricken Midwest Monday [12 July].

Gore said that the damages he saw were "unbelievable." "It's heart-breaking, people are really suffering." He warned that the total loss will exceed the 1.2 billion U.S. dollars which Clinton estimated last week.

Since mid-June this year, sustained heavy rains in the Midwest have sent the Mississippi River over its banks, in some cases as far as 800 kilometers. The death toll is now estimated to be at least 20.

Some 5 million acres of corn, soybean and other crops have been submerged or washed out, local factories and companies have been forced to shut down, and hundreds of thousands of residents and domestic animals been evacuated. Losses are now estimated at more than 3.5 billion U.S. dollars.

Makeshift tents have been erected for homeless flood victims and "disaster application centers" have been established.

A Pentagon spokesman said in a news briefing today that more than 6,000 air and army national guardsmen have volunteered to support flood relief efforts throughout the region.

These volunteers are specialists in medicine, law enforcement, water hauling, water purification, air transport, heavy equipment operation, sandbagging and evacuation, he said.

Approximately 500 members of the Army Corps of Engineers already are working along a 500-kilometer stretch of the Mississippi River, and in the last two days, the Air Force has flown approximately 20 C-141 and C-5 missions into flood areas.

The U.S. Department of Agriculture today named 304 counties in six flood-stricken states eligible for emergency loans because of crop losses.

President Clinton, who has already declared 222 Mid-west counties and one city as federal disaster areas eligible for low-interest rebuilding loans, said today that he will consult tomorrow with local authorities on other aspects of an aid package, and he will ask Congress to pass it as soon as possible.

Meanwhile, the Mississippi River is still rising, and weather forecasters expect thunderstorms over a wide area before Friday.

Renewed downpours were reported today in a few localities, and one reported rainfall of one inch (2.54 centimeters) in six minutes.

Stuart Eizenstat Named U.S. Envoy to EC

OW1407055593 Beijing XINHUA in English 0508
GMT 14 Jul 93

[Text] Washington, July 13 (XINHUA)—United States President Bill Clinton named Stuart Eizenstat, a Washington lawyer, today as U.S. representative to the European Community with the rank of ambassador.

Eizenstat, head of the Washington office of a law firm, was a domestic policy adviser to former President Jimmy Carter and a researcher and speechwriter for President Lyndon Johnson.

He also worked for Vice President Hubert Humphrey's unsuccessful 1968 presidential campaign.

Central Eurasia

PRC To Import Russian Tanks for Civilian Use

HK1407103793 Hong Kong MING PAO in Chinese 14
Jul 93 p 8

[By MING PAO special reporter: "China Will Import 2,000 Soviet-Made Tanks and Dismantle Them for Civilian Use"]

[Text] A person in charge of a science and technology development company under the Commission of National Defense Science, Technology, and Industry, which has military affiliation, revealed that China will import at least 2,000 former Soviet-made main combat [zhu chan 0031 2069] T-62 tanks. The engines and bodies of these tanks will be dismantled for civilian use. Each tank costs more than 80,000 yuan.

According to an agreement reached between the relevant Chinese department and the Russian authorities, China will in the near future import a large number of main combat tanks released from military service by Russia during its disarmament, this person in charge said, adding that the Russian side will be responsible for dismantling the tanks' operational systems. The Chinese side will use the bodies and engines of the tanks for civilian purposes.

As reported, some Chinese military firms are taking an active part in this transaction. This transaction is estimated to involve at least several thousand tanks, equivalent to the equipment of dozens of former Soviet tank divisions.

The Fanda Science and Technology Development Company under the Commission of National Defense Science, Technology, and Industry has signed an agreement with the Russian military for the purchase of 2,000 T-62 tanks released from military service. The first batch, consisting of 10 tanks, has been delivered to the Chinese buyer.

Former Soviet-made T-62 tanks were manufactured from 1962 to 1980. The total production of these tanks was roughly estimated at 15,000. Apart from being used to arm former Soviet troops, some were exported to other countries. A T-62 tank weighs 37.5 metric tons. For a certain period, these tanks were the main combat vehicles in the East-West ground military confrontation. During the battle to recover the Zhenbao Island in northeast China at the end of the 1960's when Chinese-Soviet relations were worsening, the Chinese used anti-tank mines to destroy a T-62 tank, which was later dragged onto Chinese soil and served as a model for China to manufacture a new generation of main combat tanks.

This person in charge of the Fanda firm pointed out that both China and Russia benefit from this huge deal: The Russian side reduces its economic burden and increases its revenue by selling these tanks released from military service; whereas the Chinese side also gains comparatively big economic benefit, because a T-62 tank costs only a little more than 80,000 yuan, but an engine of the same type in China costs more than 120,000 yuan. Furthermore, the more than 30 metric tons of steel obtained from one tank also bear a considerable economic value.

As reported, after transformation, the 80-percent-new powerful engines of T-62 tanks can be installed on bulldozers, generators, tractors, ships, and other civilian machinery.

Heilongjiang Participates in Russian Exposition

SK1407072093 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 13 Jul 93

[Text] The province's industrial product exhibition and trading team participating in the third international all-purpose exposition of Amur Oblast in Russia began displaying its products in Blagoveshchensk on 12 July. This was the first time for the province to hold a large-scale industrial product sales exhibition in Russia.

For this exhibition, the provincial government has sent a 300-member exhibition and trading team, headed by Vice Governor Cong Fukui and composed of government officials, entrepreneurs, and working personnel, and 35 counters have been set up for the exhibition. Ours

is the largest one among the exhibition teams participating in the third international exposition of Amur Oblast. Involved in the exhibition are 218 enterprises from 14 prefectures and cities of the province. On display are products of 30 major categories and 600 specifications and varieties, and the available sources of goods are valued at 1.8 billion yuan in renminbi. At the same time, 80 economic and technological cooperation items have been provided for negotiation. To eliminate the adverse effects caused by the inferior products of our country sold to Russia, and to display the actual strength of the province's industrial products, the province's exhibition team has paid high attention to the quality and grade of the exhibits. Most of the exhibits are brand name, fine quality, new, and special products of the province's industrial enterprises.

The province's products displayed in Russia have the following remarkable characteristics: Industrial enterprises have played the lead in the exhibition and sales activities, and the sides of supply and demand have directly contacted each other, thus reducing intermediate links and providing convenience for enterprises to learn about the world market situation and to participate in competition.

On the afternoon of 13 July, the province's exhibition team held a news conference where Vice Governor Cong Fukui introduced the province's natural resources, social, and economic situation and answered the questions raised by domestic and foreign journalists.

Cong Fukui pointed out: Along with the expansion of opening up, the province's economic cooperation and trade contacts with the firms outside the country have been increasingly incorporated into the path of the legal system. From now on, all economic activities will be carried out in line with the standards and demands of the market economy. He expressed the hope that our friends from various circles of various countries would enthusiastically participate in trade talks and frequently visit Heilongjiang to help conduct exchanges and cooperation more extensively and profoundly.

Georgia Issues 24-Hour Ultimatum to Abkhazia

OW1407053693 Beijing XINHUA in English 0208
GMT 14 Jul 93

[Text] Moscow, July 13 (XINHUA)—The Georgian Defense Ministry today issued an ultimatum to Abkhazian rebels demanding that they cease fire within 24 hours.

Georgia and Abkhazia, mediated by Russia, failed to reach a cease-fire accord on the conflict in Abkhazia here Monday [12 July] since the representatives of Abkhazia raised the new demand that the Abkhazian Parliament and other organs of state power return to Sukhumi immediately after the Georgian withdrawal.

According to the ITAR-TASS News Agency, the Georgian Defense Ministry's ultimatum is contained in a

statement today accusing Abkhazia, a self-claimed autonomous republic in Georgia, of not wanting to resolve the conflict by peaceful means.

The statement also said that the Georgian Government forces would launch a massive counterattack if Abkhazia did not stop shelling Sukhumi, capital of Abkhazia, under Georgia's control and withdraw its troops from Shrom and Ahalsheni villages.

Sandro Kavsadze, plenipotentiary of the Georgian head of state and head of the Georgian delegation who took part in the cease-fire negotiations, reiterated in a statement today that Georgia was willing to sign the cease-fire accord and abide by it without preconditions.

Kavsadze said in the statement that Abkhazia actually suspended the process of peaceful solution of the conflict by refusing to sign the cease-fire accord.

He said that Abkhazia took any concession made by Georgia in the peace talks for weakness and wanted to resolve the conflict by military means so that it could impose its conditions on Georgia.

Shevardnadze on Russian Role

OW1407054293 Beijing XINHUA in English 0256
GMT 14 Jul 93

[Text] Moscow, July 13 (XINHUA)—Georgian head of state Eduard Shevardnadze says Russia is the key to resolving conflicts in Abkhazia.

At a session of the Georgian Parliament today, Shevardnadze said that without the concurrence of Russia, it would be difficult, or even impossible, to establish peace in Abkhazia and Georgia. International organizations, he added, were unable to exert substantial influence over Abkhazia.

Shevardnadze cited positive elements in recent decisions by Russia to take a more neutral stand between Georgia and Abkhazia and to close its border with Abkhazia.

If these positive elements were built upon, he said, Georgia would more actively cooperate with Russia to enhance friendly relations between the two countries.

However, Shevardnadze criticized an unidentified "third force" which, he charged, had helped Abkhazia to organize airborne activities in Ochamtsira and thus escalated the tension in Abkhazia by threatening its capital, Sukhumi.

Georgia and Abkhazia held negotiations mediated by Russia here at the beginning of the month on a cease-fire accord which would have ended the conflict after nearly a year. However, they failed to reach an agreement.

Southeast Asia & Pacific

Thai Foreign Minister Leaves for China

OW1107041793 Beijing XINHUA in English 0345
GMT 11 Jul 93

[Text] Bangkok, July 11 (XINHUA)—Thai Foreign Minister Prasong Sunsiri left here today for China for a week-long visit aimed at promoting economic cooperation between the two countries.

Prasong is leading a powerful 31-member delegation on the visit, which consists of Thai bankers and businessmen.

During the visit, the delegation will tour several Chinese cities to seek opportunities of cooperation in the fields of investment and trade.

West Europe

Shandong Official Meets German Auditing Official

SK1407060993 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 12 Jul 93

[Text] On the afternoon of 12 July Li Chunting, deputy secretary of the provincial party committee and vice governor of the province, cordially received in Jinan's Nanjiao Guesthouse Dr. (Zavia Burger), chief auditor of the Auditing Administration of the Federal Republic of Germany, and his wife and entourage who are paying a visit to the province. Chief Auditor (Zavia Burger) is paying a visit to our country at the invitation of the State Auditing Administration. During their stay in our province, the German guests, accompanied by Lu Peijian, auditor general of the State Auditing Administration, and Fang Xiang, director of the provincial auditing department, successively paid visits to the cities of Jinan, Qufu, Taian, and Qingdao and made fact-finding tours.

During the reception Vice Governor Li Chunting briefed the German guests on the province's situation in economic development and the auditing work done since the enforcement of reform and opening up.

Lu Peijian, auditor general of the State Auditing Administration, attended the reception.

'Roundup' on Germany's 'Tough' Economic Situation

OW1407054393 Beijing XINHUA in English 0352
GMT 14 Jul 93

["Round-up: Germany Faces Tough Economic Situation Three Years After Reunification (by Xia Zimian)"]—XINHUA headline]

[Text] Bonn, July 14 (XINHUA)—The two Germanies have been reunified since 1990. However, the reunion's

third anniversary is darkened by a tough domestic economic situation resulting in part from the reunification itself.

The German economic growth rate began to drop during the spring of 1992. German economists expect the gross domestic product (GDP) of the former West Germany to be a negative two percent this year.

Even though eastern Germany's GDP is expected to see five percent growth, it accounts for only 7 percent of the country's total GDP.

German Finance Minister Theo Waigel said recently that Germany is facing its most severe economic recession since the end of World War II. Otto Graf Lambsdorff, former chairman of the Free Democratic Party, said Germany now has five million unemployed people, although the government claims 3.26 million are out of work.

If those people who work only part-time are taken into account, it is not an exaggeration to say the present level of unemployment in Germany approaches that of 1933 when Adolf Hitler came to power.

The German economic recession is apparent in an expected 70 billion mark deficit for major items of its international trade and investment. Germany enjoyed a surplus of 100 billion marks from its international trade and investment exchange in 1989, the year which saw the collapse of the Eastern Bloc. Two years later, the country's trade registered a 30 billion mark deficit in those fields.

Reasons for this increase in the deficit include Germany's stagnation in export and the government's high interest rate policy aimed at attracting foreign investment in eastern Germany.

The government is burdened with a 1,700 billion mark state debt and the inflation rate of the country has reached four percent, which has affected the mark's exchange rate with the dollar. The mark has dropped from last September's rate of 1.39 against the dollar to the present rate of 1.73 against the dollar.

Many people attribute the cause for the German economic recession to the great cost of rebuilding the eastern German economy. Of course, this is a principal reason in view of the 150 billion marks the government is providing in aid to eastern Germany each year with an accompanying rise in government debts and inflation. But other reasons cannot be neglected.

The average working hour wage in Germany is the highest in the West at 41.96 marks (around 25 U.S. dollars), almost double that of Britain and 1.7 times that of the U.S.

Also, average annual working hours of Germans is the lowest at 1667 hours, 32.7 hours fewer than that of Americans, and 58.1 hours fewer than that of Japanese.

Paying for the ever-expanding social security and welfare system has become a problem, similar to the problem Sweden faced a couple of years ago. Last year, Germany spent 1,000 billion marks on social security. Two-thirds of that amount was provided by labor organizations and employers, and one-third by the government.

The structure of the German economy has serious problems. Germany is spending a lot of money to subsidize traditional industrial sectors such as automobile-making, chemical industry and machine-making. This is while its investments trail the U.S. and Japan in such new technology industries as micro-electronics, communication equipments and biological engineering.

Although Chancellor Helmut Kohl claimed when attending last week's G-7 summit in Tokyo that the German economy would begin to recover by the end of the year, fundamental problems in the German economy will remain for the foreseeable future.

Latin America & Caribbean

NPC Delegation Ends 'Successful' Suriname Trip

OW1407110293 Beijing XINHUA Domestic Service in Chinese 0922 GMT 10 Jul 93

[By reporter Wang Cai (3769 5591)]

[Text] Paramaribo, 9 Jul (XINHUA)—A joint news conference was held here on 9 July by Chairman Lachmon of the Surinamese National Assembly and Vice Chairman Chen Muhua of the Standing Committee of the Chinese National People's Congress [NPC]. The two sides unanimously held that the visit of the Chinese NPC delegation was completely successful.

Chen Muhua said: During the short, five-day visit, the Chinese NPC delegation held talks with President Venetiaan, Chairman Lachmon, Ajodhia, vice president and concurrently chairman of the ministers' council, and other high-ranking government officials; held discussions with representatives of women's circles; visited aluminum works and other industrial parks; and noted that there is great potential for cooperation between the two countries. She said that she and other delegates would return to China with the Surinamese people's

profound sentiments of friendship for the Chinese people. They will also convey the message that the Surinamese people wish to strengthen economic and technical cooperation with China to the departments concerned.

Lachmon said: Political independence is not enough for a country. It must also achieve economic independence. The Surinamese people are currently in a difficult period during the course of economic development and are longing for strengthened economic and technical cooperation with China. He is confident that the visit of the Chinese NPC delegation to Suriname has not only strengthened the traditional friendship between the two nations, but will also further promote friendly cooperation between the two governments.

The Chinese NPC delegation will leave Suriname for home on the morning of 10 July.

Chilean Naval Training Vessel Visits Shanghai

OW1307152993 Beijing XINHUA in English 1507 GMT 13 Jul 93

[Text] Shanghai, July 13 (XINHUA)—A naval training vessel from Chile called the "Esmeralda" arrived here today for a five-day goodwill visit to China.

The "Esmeralda" has already visited Shanghai three times, respectively in 1972, 1987 and 1989.

A total of 275 officers and men on the "Esmeralda" came to Shanghai this time including five student officers from the United States, Uruguay, Paraguay, South Africa and China, respectively.

Meeting Captain Bulan of the "Esmeralda" this afternoon, Meng Jianzhu, vice-mayor of Shanghai, extended a warm welcome to the visitors and said he hoped that understanding and friendship would be enhanced between the navies of China and Chile.

At a reception this evening, Senior Colonel Yan Yuchun, deputy commander of the Shanghai Naval Base, and Captain Bulan made toasts wishing for continuous development of co-operation and friendship between the navies of the two countries.

The guests are scheduled to visit a Chinese naval unit, a cemetery for the revolutionary martyrs, a zoo as well as some factories in Shanghai.

Political & Social

Deng's Daughter Claims Father 'in Good Health'
HK1407022293 Hong Kong TA KUNG PAO in Chinese
14 Jul 93 p 1

[Report: "Deng Lin Says Deng Xiaoping Is in Good Health"]

[Text] Deng Xiaoping's eldest daughter, Deng Lin, said in Hong Kong yesterday that her father is in good health and that she had a meal with her father before she left Beijing for Hong Kong this time.

Deng Lin is currently giving an exhibition of her paintings in Hong Kong.

Leadership Orders 'Unified Line' on Deng's Health

HK1407030493 Hong Kong SOUTH CHINA MORNING POST in English 14 Jul 93 p 10

[By Willy Wo-Lap Lam]

[Excerpts] Beijing has officially denied that patriarch Deng Xiaoping is suffering from testicular cancer. But Chinese sources in the capital said the 88-year-old senior leader's health was still "problematic" and that it was unlikely he would be able to follow his past habit of leaving Beijing in the summer. [passage omitted]

Chinese sources said yesterday the propaganda machinery had been told by the leadership to adopt a "unified line" on reporting about the patriarch's health. The national media as well as the pro-Chinese media on Hong Kong would generally give an "upbeat spin" to stories about Mr Deng's health while steering away from specific details about his condition.

The sources said while Mr Deng had successfully recovered from earlier treatments of a preliminary stage of prostate cancer as well as a stroke, the patriarch's health remained uneven. They said Mr Deng was not fit to swim and that he had to rest in Beijing. The sources added Mr Deng's health would preclude him from following his usual habit of going to the seaside resort of Beidaihe every summer to take part in informal discussion sessions on major matters of state.

Western diplomats in Beijing said a sign of Mr Deng's declining health was his inability to rein in his opponents. Yesterday, two of Mr Deng's ideological foes, former politburo member Song Ping and veteran ideologue Deng Liqun, put in an appearance at a function marking a new book by moderate party elder Bo Yibo. Mr Deng Liqun, who is masterminding a campaign to criticise Mr Deng's market reforms, had earlier been taken to hospital for an unknown ailment. His reappearance has been interpreted as a sign of renewed activity. In addition to Mr Bo, who also showed up yesterday, conservative elders including Chen Yun and Peng Zhen are said to have been active in recent weeks.

Western diplomats said a stratagem of the ideologues was to target businessman friends of the patriarch who might be accused of economic crimes. They said other high-profile businessmen might soon be prosecuted.

Article Views Elders' Concern for Future

HK1407060093 Hong Kong CHING PAO in Chinese
No 7, 5 Jul 93 pp 28-31

[Article by Tang Huai-ying (8093 2037 5391): "Peng Zhen Is Worried That CPC May Collapse Because of Corruption, Deng Xiaoping Instructs Jiang Zemin To Pay More Attention to the Armed Forces"]

[Text] 9 Jun (CHING PAO)—Chinese Premier Li Peng fell sick recently and did not appear in public until over one month later. What carries certain significance is that not a single ominous incident of political turbulence was triggered on the mainland by Li Peng critical condition during that period. A considerable number of people adopted an indifferent attitude toward the issue, while others, especially those living in the mainland's coastal provinces and cities, consider whoever holds the post of premier as "of little importance." Today, alongside the rapid economic growth of the entire country, governments of different localities are striving to bring remarkable development to their own local economies with the aid of the growing administrative autonomy they have grabbed from the central authorities over the past decade and decentralized decisionmaking powers, which has been an irresistible demand of the people during the course of the development of the market economy. In addition, their "bargaining" relationship with the central government has become more tense than ever before. Under such circumstances, it is understandable that people are indifferent to major personnel reshuffles at the central level.

Two Different Views on Current Economic Situation

In fact, the CPC leadership and central government have had basically different views on the current economic operational situation this year and therefore can find no way to jointly enforce strong and effective macrolevel measures to control and regulate economic activities in various localities throughout the mainland. During the first quarter of this year, industrial production on the mainland grew 42 percent (official figure stands at 24 percent), while GNP grew 24 percent (official figure, 14 percent), topping the record of the past decade. Meanwhile, national industrial economic efficiency dropped 5.4 percent over the same period last year; the total number of loss-making enterprises (state-owned enterprises) remains high; the rate of increase of price indexes in over 30 large and medium cities exceeds 17 percent (official figure stands at 15 percent), almost reaching the 1988 level. To seek faster local economic growth, all localities across the country, especially coastal and border provinces, have, on the one hand, expanded the scope of opening up and have tried hard to attract foreign large amounts of investment; on the other hand,

they have pressurized local banks forcing them into deficit with the central bank. Moreover, they have also set out to collect funds in society by means of high interest rates, thus giving rise to a situation where the scale of infrastructural investment is expanding rapidly and the amount of overlapping construction is on the rise. What merits great attention is that nonproductive construction, such as garden villas, tourist resorts, and high-grade hotels, account for most of the expanding infrastructural projects, while no significant growth has been registered in the total amount of capital earmarked for basic industries and facilities such as energy, electricity, and raw and semifinished materials. At present, the central government is in a dilemma about what to do next in the face of two different assessments of the present economic situation.

Holders of the first view claim that the problems currently cropping up in economic development are not so serious as to affect the healthy operation of the entire economy, and that inflation and excessive development projects are an inevitable outcome of high-speed economic development. By raising the slogan of "preventing the economy from becoming overheated" before market mechanisms can effect the allocation of economic resources, people will inevitably return to the old means usually employed under the planned economy. If that happens, economic growth will be dampened greatly and the development of market economic mechanism will slow considerably.

However, people with the other view point out that it is an unquestionable fact that the economy has become overheated. Failure to adopt effective measures promptly to bring the situation under control will give rise to crises in the overall economic situation. By that time, it will not be a question of whether or not we should cool down the economy, but that we will have no alternative but to cool it down. If that happens, reform will suffer an overall setback. Development is a secondary issue at the present stage, while reform should be put in a position of top importance. In order to cool down the "overheated" economy we should never balk at employing any method, even economic means once employed under the planned economy. We should devote our major energy to cultivating the basic conditions of the market economy to lay a relatively solid systematic foundation for future economic development.

Local Governments Make "Modifications" to Orders Issued by the Central Authorities

Though varied in many ways, the above two views show no differences on one point: Both views consider it necessary to speed up the pace of reform, work out major reform measures, and stop using the old management methods of the planned economy to govern the country's economy. Jiang Zemin, as head of the Central Leading Group for Financial and Economic Affairs, publicly showed his acceptance of this view at a recent economic meeting in east China. However, Jiang Zemin himself is

ambiguous and vague on such issues as to how policy guidelines are drawn up, which plans should be promulgated, and whether or not we need to take immediate action to slow down unduly fast economic growth.

The following two facts serve to show that the mainland's local governments today are less respectful and less obedient toward the central authorities. Six months have passed since the state first issued state treasury bonds at the beginning of this year, yet the total issue is so undersubscribed two thirds remain unsold. The central authorities have sent repeated orders and instructions to local authorities to little avail. In view of this, Jiang Zemin asked Shangdong CPC Secretary Jiang Chunyun to make an example of Shandong. Jiang Chunyun took the lead by buying 1,000 yuan worth of state treasury bonds himself, and then enforced an order for cadres at all levels to fulfill their treasury bond purchase quotas. However, cadres at lower levels made a "modification" to his order in order to cheat the public: They bought treasury bonds with public funds borrowed from their own units and then entered what they had bought in their units' public fund accounts. Even provinces which have been asked to "set an example for others" do such things, to say nothing of other provinces which are not required to take the lead. The second fact is that the State Council has decided this year to put an end to issuance of IOU's to peasants. To help local governments achieve this goal, the central authorities allocated 30 billion yuan to all localities. However, local governments asked the central authorities to make additional appropriations with the excuse that they were short of funds to carry out the central government's order. Without an alternative, the central government had to allocate another 50 billion yuan to different localities to ensure that the first 30 billion yuan could really be put into the hands of peasants. A high-ranking State Council official said privately occasion that the biggest headache for the central authorities at the moment is that all of the orders issued by the central government have been distorted by "modifications" and can never be carried out in reality.

The Traditional Political System Is Not Suited to Economic Reform

If we shift our attention from the economic to the political field, we can see that the people's less respectful attitude toward the central authorities is an inevitable outcome of the inconsistencies between the traditional political system, upon which the CPC relies, and the mainland's current economic reform and development. The traditional CPC political system, which is a highly centralized political party, is suited to the demands of carrying out armed struggle. After it established political rule on the mainland, the CPC's political system was also suited to the demands of a planned economy under a highly centralized and unified economic system. However, since 1979, the mainland has started to carry out economic restructuring, which is mainly featured by the decentralization of power. As a result, localities, enterprises, and grass-roots organizations are enjoying increasingly greater economic autonomy; lateral ties in

society are strengthening; vertical political ties are being cut by lateral economic organizations; and the political symbol system (Marxism-Leninism-Mao Zedong Thought), which the CPC used in the past to maintain the loyalty of CPC organizations at all levels to the central authorities, is being replaced by a symbol system with economic content and concepts, as well as by ideologies introduced from foreign countries. Meanwhile, political movements which are carried out for pure political and organizational purposes have become less and less popular and are often resisted by the people. All this means the complete loss of effective political measures once employed by the CPC to consolidate its own political integrity. However, the CPC's political system has never undergone any conscious structural transformation, and its organizational structure, as well as its operational procedures and rules, remain unchanged. As a result, the gap between the existing political system and present social demands on the mainland are widening increasingly. One concentrated expression of this gap is reflected by the fact that, although the leading group of this party has handed its power to the leaders of the third generation (Mao Zedong—Deng Xiaoping—Jiang Zemin), the three generations have always employed the same mode by which elderly politicians make use of their traditional authority to select and promote leaders, and have deprived 50 million party members of the power to express their own will and select the leaders they wish by democratic means.

It Is Particularly Difficult for Leaders of the New Generation To Establish High Prestige Among the People

It is the rule of a centralized political system that leaders who enjoy traditional prestige are unable to pass on such prestige to the chosen "successor," while the latter can also find no way to extricate themselves from a dependent position and to establish an independent standing among the people before the passing of the old. Under the existing political system on the mainland, a moral "contract" has to be established between the elderly politician and the leaders he has chosen: The latter must be obedient to the former. Once the latter becomes "rebellious," they lose, virtually, the moral foundation for existence and can thus be disqualified as "successors" simply because of this. That is why Hu Yaobang and Zhao Ziyang were both kicked off their horses by elderly politicians after they respectively established their own distinct political standings.

It is particularly difficult for CPC leaders of the new generation to generate their own esteem. On the one hand, they have to obey what the elderly politicians have told them to do to show their dependence; yet on the other hand, they have to adapt themselves to the demands of the decentralization of power during the course of economic reform and to interfere less and offer more support to local authorities. His failure to satisfy people at both the higher and lower levels will incur censure from both sides. However, by trying to please

both sides, his opportunity and room to establish his own reputation will be diminished to a considerable extent. After Deng Xiaoping commented on his trip to southern China early last year, people working around Deng were very worried: If Deng's remarks leaked out, "the leading body with Jiang Zemin at the core" would find itself caught in an extremely embarrassing situation. This is because: 1) Deng did not notify Jiang Zemin or Li Peng before he made his remarks; 2) his remarks were widely divergent from policies advocated by Jiang and Li at the time, which called for efforts to carry out a "comprehensive rectification" and to "place stability in a primary position"; and 3) Deng used unambiguous terms to criticize several leaders and their followers for "leftist" practices. If his remarks were publicized, the above three points alone would shake the reputations of Jiang, Li, and others. After being told of these worries by his men, Deng gave the following instructions: "My remarks can be amended and no names should be mentioned. However, the basic gist should remain unchanged, which calls for efforts to speed up the pace of development, focus attention on reform and opening up, and encourage people to conduct experiments boldly and open new paths. My remarks can be first relayed to comrades at the central level, and then made public after a unanimity of opinion is reached. After all, this can serve as a trial, and the key issue concerning a person's high standing is whether or not he can uphold reform and opening up. Without this condition, no one can possibly help him." One year later, while spending Chinese New Year in Shanghai, Deng Xiaoping indicated for the first time: "The collective work of the CPC Central Committee headed by Comrade Jiang Zemin is satisfactory and trustworthy." However, this remark gave little help to Jiang Zemin and others in their efforts to establish their own standings. People on the mainland all know that the first credit for China's resurgent tide of reform and opening up still goes to Deng Xiaoping, while Jiang and Li enjoy little kudos because they followed in Deng's steps. Today, the central authorities have lost their former appeal and unifying power. One root cause of this is that, under a traditional political system which has already been gravely divorced from China's concrete social and economic life, leaders of the new generation are unable to establish a power base on which they rely for their existence.

Theory of Building Socialism With Chinese Characteristics Needs To Undergo Further Development

Another major cause for the declining reputation of the central authorities is that, to maintain control over social ideology, the authorities are still employing backward and restricted means which deviate widely from the reality of reform and opening up. By summarizing and putting forward the "theory of building socialism with Chinese characteristics," the CPC 14th National Congress attempted to substitute the theory for the Mao Zedong Thought and to make the theory into an orthodox ideology. As it is more advanced than Mao Zedong Thought, this theory mirrors the mainland's

accomplishments, both practical and theoretical, in carrying out reform and opening up. However, this "theory" itself still has many blank spaces which need to be filled and it should undergo further development in many aspects. In a word, since it was founded after breaking up blind faith in the old ideology, this "theory" can only be established in real terms after all forms of blind ideological faith are wiped out. However, people can see more clearly today that the authorities are paying the same homage to the "theory of building socialism with Chinese characteristics" as they did to Mao Zedong Thought, of which the "leftist" faction within the CPC are experts. Recently, the mainland press launched a full-scale attack against so-called "money worship." They confuse currency awareness, which people should possess when practicing the market economy, with currency waste caused by imperfect policies, and they leveled various accusations without making a distinction between right and wrong. Several publications and newspapers under the charge of Deng Liguang and his ilk were extraordinarily active in taking the offensive in an attempt to find a breakthrough point for attacking the market economy. Coupled with this phenomenon is the fact that the mainland press is increasingly flooded with vulgar, senseless, and mediocre material stinking of money, and the mass media has been overwhelmed by more and more "profitable news reports." On the other hand, works of literature and art, as well as academic works that are serious and refined with a critical and exploratory nature, are becoming rare with each passing day. People's minds have been confined to extremely limited fields, going round and round within the small prefixed circle that "planning is not tantamount to socialism, neither is the market to capitalism." Lacking a sound and lively intellectual atmosphere helpful to its growth, the "theory of building socialism with Chinese characteristics" seems dull and dry under the official ideological propaganda and will gradually lose its due appeal and charm among the people of the mainland.

Peng Zhen Is Worried That the CPC May Be Ruined by Corruption

The declining reputation of the CPC authorities has made some people within the CPC pessimistic about the future. However, people holding optimistic views still believe that, although the ultimate power is centralized only in name in the hands of Jiang Zemin, the National People's Congress and the CPPCC are still held by Qiao Shi, Tian Jiyun, Li Ruihuan, and Ye Xuanping, who enjoy relatively higher prestige and better abilities. With considerably strong political unifying power, the two political institutions have given shape to an increasingly perfect operational mechanism, which could act as a stabilizer should turbulence break out on the mainland. In addition, if the CPC is firm in pressing forward the market economy, China's economy can enjoy relatively rapid growth and a new situation will subsequently take form under which advanced areas can nurture the less advanced areas by establishing lateral ties. In this case, new economic benefits can be calm the people's political

impulse and major disorders will not be likely to occur easily. We hope that this optimistic approach is not a mere illusion. It has always been true in Chinese history that "tumult starts with the top level." In view of this, CPC leaders should have a clear understanding: Be diligent and clean in carrying out official duties, adopt a pragmatic approach, and have the courage to open up new paths. I believe all of these are of the utmost importance to them at the moment. It will be hard for the CPC to establish a high reputation if its leaders are not resolved to carry out reform and fail to render their own meritorious services to promoting the mainland's economic development in the next few years.

Under the present situation, the matter worrying elderly CPC politicians the most is whether or not the "leading collective with Jiang Zemin at the core" can remain consolidated. Not long ago, a critically ailing Peng Zhen wrote a lengthy letter to the CPC Central Committee, highlighting this issue. In his letter, Peng Zhen considered the existence of "the party Central Committee with Jiang Zemin at the core" as crucial to ensuring a lengthy and peaceful reign over the country. He also indicated: "Having fought for the communist cause all my life, I think I have the right to say that I am a qualified Communist Party member. However, what I am worried about now is how many communists today are willing to dedicate their entire lives to the communist cause. The lessons of the Soviet Union and Eastern Europe merit our attention and study. Communists are unconquerable when they face external forces, yet, if we are off guard, the Communist Party will be ruined from within by both the corruption and deterioration of communists themselves."

Deng Urges Jiang Zemin To Pay More Attention to the Building of Armed Forces

What Deng Xiaoping is concerned with at the moment is another issue. He has summoned Jiang Zemin twice recently, urging the latter to spend more time on building the Armed Forces. The Central Military Commission recently decided to promote six more generals with a view to filling the power vacuum left by the dismissed Yang Baibing. Meanwhile, the work of combing out "Yang's forces" is continuing, which can be proved by the replacement of the entire "editorial body" of JIEFANGJUN BAO. According to people working at Deng Xiaoping's side, Deng Xiaoping once told Jiang Zemin: It is an issue of primary importance to do a good job in the Armed Forces and ensure nothing goes wrong there. A failure to stabilize the Army after people like us (referring to senior CPC statesmen) pass away will mean failure to stabilize the overall situation. This is an experience we have gained from our work over many years. Chaotic as it was during the Great Cultural Revolution, political power remained unshaken, for Mao Zedong never loosened his tight grip over the military or rashly put the army under the charge of the "gang of four." Transferring the commanders of the "eight major military regions" also served to upset Lin Biao's conspiracy. Mao Zedong was really an expert in this aspect, and many of

his ideas are still applicable today. Liu Huaqing and Zhang Zhen are very good comrades, and you (referring to Jiang Zemin) can have more discussions with them and ask them for greater support. I know that you are fully occupied with work, yet you must not begrudge energy and time spent on the military work. You should have the courage to attend to matters in this field and need not have any misgivings.

The aforementioned moves by the CPC elderly politicians have recently become quite conspicuous in the mainland's political arena.

Origins of Responses to Illegal Emigrants Viewed
HK1407093493 Hong Kong TA KUNG PAO in Chinese
14 Jul 93 p 2

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Severely Punish Principal Culprits of Illegal Emigrants Smuggling Groups Inside and Outside Borders"]

[Text] **Both the United States and Mexico Refuse To Take Them In**

The Mexican Government reiterated on 12 July that it rejected a U.S. demand for taking in 650 illegal Chinese immigrants on three vessels on the high seas. Moreover, there are also another 900 or so illegal Chinese immigrants on four other vessels cruising on the high seas. Total number of these illegal immigrants reaches more than 1,500. Their destination is the United States. Now they have become "persons on the high seas."

As everyone knows, all these Chinese illegal immigrants were deceived by some illegal immigrant smuggling groups in the United States, Taiwan, Hong Kong, and Chinese mainland. Each of them had to pay some \$30,000 of smuggling fees, and most have paid half of the sum first and are ready to pay the other half after a successful landing.

It Is Necessary To Severely Punish Principal Culprits of Illegal Immigrant Smuggling Groups and Cadres Who Have Taken Bribes

No matter what pretexts they may use for seeking asylum, in order to pay back their debts, the illegal immigrants will have to do very hard work or prostitute themselves for a long time in Chinatowns under the control of evil persons. If they try to escape or resist orders, they will be illegally punished or even be killed by those evil persons. It will only be too late for them to regret.

The Chinese authorities, especially the various coastal provinces concerned, have given repeated orders to ban illegal emigration. But there is no denying the fact that some cadres in power (not necessarily senior cadres) have taken advantage of their power and colluded with principal culprits of illegal immigrant smuggling groups in order to seek private gains. They have intentionally

"turned a blind eye to" the smuggling. Therefore, the phenomenon of illegal emigration is actually an outcome of corruption of officials.

Apart from having positive discussions with the U.S. and Mexican governments on repatriation of those illegal emigrants, in order to prevent such occurrences in the future, China should also severely punish illegal immigrant smuggling groups both inside and outside the borders and give more severe punishments to the principal culprits. At the same time, it is also necessary to severely punish a small number of cadres who have committed corruption and taken bribes from the culprits of illegal immigrant smuggling organizations. It should never tolerate such practices, or the tendency of illegally fleeing the country cannot be curbed. As to the great majority of illegal emigrants, who have been deceived by bad people, it is necessary to educate them by facts. The newspapers in the hometowns of Overseas Chinese should also carry reports on the inhuman treatment of the illegal immigrants in the United States. Applications lodged by people who wish to leave the country through lawful channels should be examined and approved as soon as possible according to law so that they can leave China and emigrate to other countries through normal channels.

What should be made clear is: Why were so many illegal emigrants, who know nothing or very little about the hard life of illegal laborers in the United States, willing to take the risk to try to enter the United States? Of course, one of the main reasons is that they want to earn a higher income in the United States. But if they understood that after arriving in the United States, they have to work 16 hours a day under the control of the underworld society, live in an environment and eat things which were even worse than those of dogs and pigs, and lose personal freedom for a long time, that when they were sick, nobody would take care of them, and that they could only earn several hundred dollars a month, which was only sufficient for their food and not for their debts, they would not have taken the risk.

The United States Begins To Feel Great Pressure

Moreover, each of the illegal immigrants had already paid some \$10,000 to \$20,000 before getting on the vessel. With this sum of money, they could have been leading a very comfortable life in the Chinese mainland. How could these people have been deceived? This is a problem to be tackled by relevant authorities in China.

At present, there are 3.5 to 5 million illegal immigrants in the United States, and the figure is growing by more than 300,000 a year. The Mexican borders are the main area for smuggling into the United States by land. Facing the serious problem of illegal immigration, Clinton has adopted four measures, namely, strengthening enforcement of the laws on banning illegal immigration; repatriating illegal immigrants; preventing entry of illegal immigrant vessels; and speeding up examination of political and economic refugees.

According to a precise calculation made by Rice University, government subsidies and social welfare obtained by the current 4.8 million [figure as published] illegal immigrants in the United States through fraud and deception and by means of all kinds of forged certificates are worth \$12.5 billion a year. On the other hand, the 4.8 million illegal immigrants are generating countless crimes, material losses, and spiritual pressures on Americans every year.

Human rights, human rights. Since the "4 June" incident, the United States has relaxed control over the entry of the Chinese in order to oppose China. This has resulted in a tide of illegal immigrants into the "golden hill." Now the Americans begin to feel that this will not do.

State Council Sets Up Antismuggling Leading Group

HK1307125993 Hong Kong WEN WEI PO in Chinese
13 Jul 93 p 2

[Dispatch by staff reporter Chen Chien-ping (7115 1696 1627): "The Central Government Establishes a Leading Group for Cracking Down on Smuggling"]

[Text] Beijing, 12 Jul (WEN WEI PO)—The Chinese State Council has set up a leading group for cracking down on smuggling, headed by State Council Vice Premier Li Lanqing.

In another development, several personnel readjustments have been made recently to the Central Committee for the Comprehensive Management of Social Security. Ren Jianxin has been appointed chairman of the committee, and Luo Gan, Zhang Mingqing, and Cao Zhi vice chairmen. Leading members of the three departments of tourism, posts and telecommunications, and the Armed Police are to join the committee.

Jiang Meets Diplomatic Envoys; Li Peng Sends Letter

OW1307125193 Beijing XINHUA Domestic Service in Chinese 1035 GMT 13 Jul 93

[Text] Beijing, 13 Jul (XINHUA)—Jiang Zemin, general secretary of the CPC Central Committee and state president, on 12 July met Chinese envoys posted abroad and delivered an important speech. Speaking on the domestic situation, he said: Our country is experiencing political stability, social stability, and economic development. The overall situation is good. In the course of sustained, high-speed economic growth, some new contradictions and problems have also emerged. A fundamental solution to these problems is to deepen reform and to establish and perfect the socialist market economic system at the earliest possible date. He stressed: Simultaneously pursuing economic development and spiritual civilization is an essential guarantee for socialist modernization. While developing the socialist

market economic system, we must strengthen socialist spiritual civilization and crack down on various economic criminal activities.

Comrade Jiang Zemin offered an in-depth analysis of the current international situation and fully affirmed the diplomatic work carried out over the past few years. He asked diplomatic cadres to study hard and well, strengthen investigations and studies, master the new situation, correctly implement policies, and boldly carry out pioneering work and make innovations in the complex and fickle international situation. He encouraged everybody to score greater achievements.

The Ministry of Foreign Affairs held the eighth meeting of envoys posted to foreign countries in Beijing from 7-13 July. Premier Li Peng specifically wrote a letter to the meeting. He asked that diplomatic work be better geared to our country's economic development, reform, and opening up, and to the great cause of promoting the reunification of the motherland. Qiao Shi, chairman of the National People's Congress Standing Committee, and Li Ruihuan, chairman of the National Chinese People's Political Consultative Conference Committee, separately met the envoys before and after the meeting. Comrade Qian Qichen, vice premier of the State Council and minister of foreign affairs, delivered a report on the international situation and foreign policy at the meeting.

Those present during Comrade Jiang Zemin's meeting with the envoys included Comrades Li Ruihuan, Zhu Rongji, Liu Huaqing, Hu Jintao, Ding Guangen, Li Lanqing, Qian Qichen, Wen Jiabao, Chi Haotian, and Wang Zhaoguo.

NPC Standing Committee Session Adopts Laws

Agricultural Law

OW1007203693 Beijing XINHUA Domestic Service in Chinese 0142 GMT 3 Jul 93

["'The Agriculture Law of the People's Republic of China,' adopted at the Second Session of the Eighth National People's Congress Standing Committee on 2 July 1993"—XINHUA headline]

[Text] Beijing, 3 Jul (XINHUA)—Chapter I. General Principles

Article 1. This law is enacted to safeguard the fundamental status of agriculture in the national economy, to develop a socialist market economy in rural areas, and to safeguard the legitimate rights and interests of agricultural production and operation groups and agricultural workers, as well as to bring about sustained, stable, and coordinated agricultural development.

Article 2. The state upholds the principle of developing the national economy based on agriculture.

The state shall adopt measures to ensure stable agricultural development.

The basic goals for agricultural development are: Striving to develop a socialist market economic system in rural areas; further emancipating and developing productive forces in rural areas; developing and utilizing rural areas' manpower, land, and various other resources; increasing the effective supply of agricultural products to satisfy people's needs and the needs of social and economic development; increasing the income of agricultural workers and improving their living standards on the basis of developing production; building new and civilized rural areas of common prosperity; and gradually achieving agricultural modernization.

The term agriculture in this law refers to farming, forestry, animal husbandry, and fishery.

The term agricultural production and operation groups in this law refers to collective agricultural economic organizations and state-owned and other agricultural enterprises.

Article 3. Lands in rural areas and city suburbs are collectively owned, except for those that the law has prescribed as state-owned, or owned by the whole people.

Natural resources such as forests, mountain ridges, pastures, wastelands, beaches, and water bodies are all state-owned, except for those that the law has prescribed as being collectively owned.

Article 4. State land and collectively owned land may be transferred lawfully. No organization or individual shall seize, trade, or illegally transfer land by other means.

People's governments at all levels must cherish and utilize land rationally and earnestly project arable land. Wanton occupation of farmland and misuse of land are prohibited.

Article 5. With the socialist publicly owned economy playing the dominant role, rural areas shall revitalize their economic development through economic diversification.

Article 6. The state shall stabilize its responsibility systems in rural areas, especially ones under which contracts are based on household output; perfect the dual management system that combines household with collective operations; develop socialized services; increase the strength of collective economies; and guide the peasants to achieve common prosperity.

Article 7. The state shall revitalize its agriculture by counting on advancements in science and technological progress and through educational development.

Article 8. The state shall develop irrigation services and industries of agricultural capital goods industries to provide material support for steady growth in agricultural production.

Article 9. The state shall reward units and individuals who have contributed remarkably to agricultural development.

Article 10. People's governments at all levels must place a premium on agricultural work. Relevant departments and the entire society shall be put under their unified charge and organizational arrangements to lend support to agriculture and to accomplish all tasks aimed at developing and serving the agricultural sector.

State Council departments in charge of agriculture shall assume due responsibility for agriculture-related work in the country. All other relevant State Council departments shall act within their scope of authority and take charge of work to serve agricultural production and management in the country.

Competent agricultural departments under local people's governments at or above the county level shall assume due responsibility for agriculture-related work in their respective administrative divisions. Other relevant departments under local people's governments at or above the county level shall act within their scope of authority and take charge of work to serve agricultural production and management in their respective administrative divisions.

Chapter II. The System of Agricultural Production and Management

Article 11. The law stipulates that peasants in villages shall claim collective ownership of collectively owned land. Such land shall be managed and administered by agriculture-oriented, collective economic organizations in villages or by villagers' committees. Peasants in townships (towns) may claim collective ownership of land belonging to economic organizations collectively owned by them.

Land collectively owned by peasants in villages that has been placed under the ownership of not fewer than two agriculture-oriented, collective economic organizations may be collectively owned by peasants belonging to those organizations.

Article 12. Individuals or collectives may contract, for purposes of agricultural production, collective- or state-owned land, mountain ridges, grasslands, wastelands, shoals, and water surfaces used by agriculture-oriented, collective economic organizations. Individuals or collectives may contract, for afforestation purposes, state- or collective-owned uncultivated hills or land that are suitable for afforestation. The contract management rights of individuals or collectives shall be protected by law. The party that contracts out the resources and the contractor shall enter into agricultural work contracts that spell out both parties' rights and obligations.

Article 13. Unless stated otherwise in the agricultural work contract, a contractor shall enjoy decisionmaking power over production and management, as well as the right to dispose of products and earn profits; it must also

fulfill its contractual obligations. When contracting for afforestation on uncultivated hills or land that are suitable for afforestation, a contractor shall handle relevant matters in accordance with provisions in the Forestry Law.

A contractor may subcontract land, mountain ridges, grasslands, wastelands, shoals, and water surfaces to other parties during the contract period with the consent of the party that contracts out the resources. It may also transfer the rights and obligations spelled out in the agricultural work contract to a third party.

Upon the contract's expiration, the contractor shall have preferential contractual rights over the land, mountain ridges, grasslands, wastelands, shoals, and water surfaces it originally contracted.

In the event of a contractor passing away during the contract period, the heir may continue the contract.

Article 14. Agriculture-oriented, collective economic organizations or villagers' committees shall provide production services to individuals or collectives who contract land, mountain ridges, grasslands, wastelands, shoals, and water surfaces.

Article 15. The state encourages individuals or collectives to contract uncultivated hills, land, and shoals for development or harnessing; it protects the legitimate rights and interests of the contractors.

Article 16. Peasants shall pay taxes, contribute to common funds accumulated and retained by village collectives, and pay fees determined by their villages in a unified way in accordance with the law. They shall also undertake voluntary labor services and work that requires labor investment in rural areas in accordance with the law.

Article 17. The state shall protect against infringement on the lawful property of peasants and agricultural production and management organizations.

Article 18. Any organs that collect fees from peasants and agricultural production and operation groups for handling official business shall do so in accordance with the provisions of laws, regulations, decisions of departments authorized by the State Council, or rules and regulations enacted by provincial-level people's governments. The rules and regulations enacted by provincial-level people's governments must be submitted to the State Council for record. The range and criteria of fees to be collected shall be made public and shall be subject to necessary review and revision in light of the situation. Peasants and agricultural production and operation groups have the right to refuse payment of fees collected by organs for conducting official business, if the fees are not based on the provisions of law, regulations, or decisions of the departments authorized by the State Council, or the rules and regulations enacted by provincial-level people's governments.

Any organs that impose fines on peasants and agricultural production and operation groups shall do so in

accordance with the provisions of law and regulations. Peasants and agricultural production and operation groups have the right to refuse payment of fines imposed by organs not based on the provisions of laws and regulations.

No organ or unit shall impose any forms of apportionment on peasants or agricultural production and operation groups. Unless provided for otherwise in laws and regulations, an organ or unit is imposing apportionment if it demands, in whichever form, peasants or agricultural production and operation groups to provide it with labor, financial, or material resources. Peasants and agricultural production and operation groups have the right to reject all forms of apportionment.

Article 19. The principle of voluntary participation must be followed in raising funds from peasants or agricultural production and operation groups; no compulsory fund-raising is permitted. Peasants and agricultural production and operation groups have the right to reject compulsory fund-raising by any organ or unit.

Article 20. The state shall encourage collective economic organizations in the agricultural sector and other relevant organizations to develop different forms of socialized services before, during, and after the production process. Financial, banking, scientific and technological, and materials departments shall support socialized services for agricultural production.

Chapter III. Agricultural Production

Article 21. The state shall adopt measures to help agricultural production and operation groups and agricultural workers develop agricultural production in the areas of capital, agricultural means of production, technology, and market information.

Article 22. The state shall guide agricultural production and operation groups and agricultural workers in adjusting agricultural production structure in light of market needs; maintaining steady increases in grain and cotton production; developing crop cultivation, forestry, livestock breeding, and fishery in an all-around way; and developing a type of farming that provides high yields of fine quality with maximum efficiency.

The state shall build commodity grain and cotton production bases in a planned way.

Article 23. People's governments at all levels shall draw up comprehensive agricultural development plans and organize their implementation to advance agriculture in width and depth.

Article 24. People's governments at all levels and collective economic organizations in the agricultural sector shall adopt measures to expand village and town enterprises, develop tertiary industries, support agricultural development, and transfer surplus agricultural labor force.

Article 25. People's governments at all levels and agriculture production and operation groups shall draw up plans and adopt measures to organize the construction of farmland irrigation works and shelter-forests to ensure the steady increase in the acreage of farmland that produces stable yields despite drought or excessive rain.

Article 26. People's governments at all levels and agricultural production and operation groups shall establish and perfect a system for managing farmland irrigation facilities, develop water-efficient irrigation facilities, strictly control the use of irrigation water sources for nonagricultural construction, and prohibit any organizations and individuals from illegally occupying or destroying farmland irrigation facilities.

Article 27. The state shall encourage and support the use of advanced, suitable agricultural machinery by agricultural production and operation groups and agricultural workers to raise the level of agricultural mechanization.

Article 28. The state shall encourage and support grain processing and its multipurpose exploitation to increase the added value of grain and improve the people's food nutritional mix.

Article 29. People's governments at all levels shall adopt measures to make agriculture more capable of withstanding natural disasters, do a good job of preventing and combating disasters and providing disaster relief, help people in disaster areas restore production and promote mutual assistance in society, and provide relief and assistance to disaster victims whose livelihoods are threatened and organize them to provide for and help themselves by engaging in production.

The state shall assist poverty-stricken areas to carry out economic development by improving their conditions.

Article 30. People's governments at all levels shall support the development of meteorological undertakings serving the needs of agriculture and improve the standards for forecasting natural disasters.

Article 31. The state encourages and supports the development of agricultural insurance.

The principle of voluntary participation shall be followed in agricultural insurance. No organizations or individuals may force agricultural workers or agricultural production and operation groups to participate in agricultural insurance programs.

Article 32. The state implements epidemic prevention and quarantine systems for animals and plants. All organizations and individuals must abide by relevant laws and government regulations to prevent epidemics and to quarantine plants and animals.

Article 33. The state adopts macroeconomic regulation and control measures to maintain rational price parities among major agricultural capital goods such as chemical fertilizer, agricultural chemicals, plastic sheeting for agricultural use, farm machinery, and diesel fuel.

Article 34. People's governments and agricultural production and operation groups at all levels shall establish and perfect the system for the safe use of agricultural capital goods such as agricultural chemicals, veterinary medicines, and farm machinery that may endanger the safety of people and livestock. They shall educate agricultural workers in production safety.

Producers and sellers of agricultural chemicals, animal pharmaceuticals, chemical fertilizer, seeds, farm machinery, plastic sheeting for agricultural use, and other agricultural capital goods shall be responsible for the quality of the products they produce and sell. Inferior, fake, and substandard products may not be used to substitute for good, genuine, and standard products. Production of agricultural capital goods such as agricultural chemicals, veterinary medicines, and farm machinery that the state has made obsolete is impermissible.

Chapter IV. The Circulation of Farm Products

Article 35. The purchase and sale of farm products shall be gradually regulated by the market. The state implements essential macroeconomic regulation and control over the purchase and sale of major farm products that have a close bearing on the national economy and people's livelihoods.

The State Council, as well as authorized people's governments of provinces, autonomous regions, and municipalities directly under the central government's jurisdiction, may entrust relevant operation groups to purchase major farm products that have a close bearing on the national economy and people's livelihoods. The variety and quantity of farm products purchased by the groups shall be stipulated by the State Council or authorized people's governments of provinces, autonomous regions, and municipalities.

When necessary, the State Council may set purchase prices of specially designated farm products.

Article 36. The state sets protective prices and establishes funds against risks to purchase grain and other major farm products that have a close bearing on the national economy and people's livelihoods.

The state shall implement a system whereby central and all local authorities shall maintain reserves for regulating the supply and stabilizing the market of major farm products that have a close bearing on the national economy and people's livelihoods. For this purpose, reserve funds shall be established, and storage and delivery systems shall be established and improved.

Article 37. State-owned commercial organizations and collective commercial organizations such as supply and marketing cooperatives shall strengthen the construction of storage facilities, provide market information, and improve their purchasing operations, giving play to their role as primary outlets, and help the peasants sell their farm products.

The state encourages and guides the peasants to take part in all kinds of activities of circulating farm products. Agricultural production and operation groups and farm workers may participate in buying, processing, wholesaling, delivering, and retailing farm products in accordance with relevant state regulations.

Article 38. The state encourages and supports enterprises, establishments, and individuals to engage in interregional and intertrade production, processing, and marketing of agricultural goods according to law.

Article 39. The state supports the establishment and development of country and wholesale markets for farm products.

Farm product wholesale markets shall draw up trade regulations. Administrators of farm product wholesale markets may not engage in market trading.

Article 40. After they have been approved, agricultural production and operation groups and other economic organizations with the necessary resources may engage in importing and exporting farm products according to State Council regulations.

Article 41. People's governments at and above the county level shall organize relevant financial, banking, food, and supply and marketing departments and units to raise sufficient funds in due course for grain procurement. No unit or individual is allowed to withhold or misappropriate such funds.

Upon purchasing farm produce from agricultural production and operation groups or peasants, the purchasing units shall pay the price in full.

At the time of purchase, units purchasing farm produce may not downgrade the farm products or force down the prices, or deduct any expenses from the payable price. Deductions and taxes prescribed by law and administrative regulations shall be collected in accordance with provisions of the laws and administrative regulations.

Chapter V. Agricultural Investment

Article 42. The state shall gradually raise the overall level of agricultural investment. The state's total agricultural investment each year should be higher than the growth of the state's regular revenue.

The state shall take measures to encourage the agricultural sector to use more foreign capital.

Article 43. In accordance with relevant state regulations, people's governments at and above the county level should establish various special agricultural funds for agricultural development, afforestation, and water conservancy.

Article 44. Through such means as taxes, prices, and credit, the state shall encourage and guide agricultural production and operation groups and agricultural workers to increase investment in agriculture.

The state shall encourage and support agricultural production and operation groups and agricultural workers to raise agricultural funds by various means on a voluntary basis.

Article 45. The state's agricultural investments shall be used in building the following infrastructures and facilities: Mainstay projects for harnessing large rivers and lakes; large water conservancy projects to control floods and waterlogging and to divert water for irrigation; priority infrastructures for agricultural production and circulation of agricultural goods; commodity grain and cotton production bases; timber forest bases; shelter forests; and facilities for agricultural education and research, technology popularization, and meteorological services.

Investments in agricultural production, irrigation facilities, and other infrastructures shall be financed by funds contributed by agricultural production and operation groups and by funds accumulated from agricultural workers' earnings, as well as support from the state.

Article 46. The state shall use taxation, credits, and other measures to encourage and support the development of industries producing capital goods for agricultural use to meet the agricultural sector's needs of agricultural capital goods, such as fertilizers, pesticides, veterinary medicines, plastic sheeting, and farm machinery.

Article 47. People's governments at all levels should tighten their management over the use of the state's agricultural funds and guide collective agricultural economic groups to rationally use collective funds.

No unit shall be allowed to withhold or misuse agricultural funds allotted by people's governments at all levels, or agricultural loans extended by banks.

Chapter VI. Agricultural Science and Technology and Agricultural Education

Article 48. People's governments at all levels should gradually increase outlays for agricultural science and technology, and for agricultural education, and develop undertakings in agricultural science and technology and education.

The state shall encourage collective economic groups, state-owned enterprise units, and other community efforts to carry out undertakings in agricultural science and technology and education.

Relevant departments under the State Council should make overall planning for basic research in agricultural science and technology; for application research, and research in high technology and science; organize major projects with joint efforts to tackle key issues, and promote international cooperation and exchanges in agricultural science and technology.

Article 49. The state shall implement free education in rural areas, develop vocational agricultural education, and enhance the cultural and technological quality of farm laborers.

Article 50. The state shall support the popularization of agricultural technology and promote the application of advanced agricultural technology in agricultural production.

Organizations engaged in popularizing agricultural technology should popularize advanced agricultural technology in conjunction and cooperation with agricultural research units and agricultural education units.

Article 51. The state shall give preferential treatment in terms of taxation and credit facilities to organizations and agricultural research units involved in popularizing agricultural technology, and to school-sponsored enterprises that serve agricultural needs.

Article 52. People's governments at all levels should adopt measures to substantially reinforce the contingents engaged in popularizing agricultural science and technology, as well as agricultural education and skills. For special science and technology personnel engaged in popularizing agricultural technology, efforts should be made to safeguard and improve their working and living conditions, as well as their remuneration, and they should be given allowances according to state provisions to encourage them to serve in agricultural fields.

Article 53. The state shall encourage peasants to make use of advanced agricultural techniques and support various scientific and technological organizations sponsored by peasants.

Chapter VII. Agricultural Resources and Environmental Protection

Article 54. Agricultural development shall rationally utilize resources and protect and improve the ecological environment.

People's governments at all levels should draw up plans for zoning agricultural resources, for environmental protection, and for developing energy resources in rural areas, and should organize efforts to improve the agricultural ecological environment.

Article 55. People's governments at all levels in various localities should delimit basic agricultural protective zones, and provide special protection for arable land within the basic agricultural protective zones; specific measures in this respect shall be stipulated by the State Council.

People's governments at all levels at and above the county level should adopt measures to step up efforts to develop and improve barren hilly areas, wasteland areas, and deserted beaches.

Agricultural production and operation groups and farm laborers should preserve land, rationally use fertilizers,

pesticides, and increase the use of organic fertilizers, enhance soil fertility, and prevent land pollution and damage and decline in soil fertility.

Article 56. For water and soil conservation, the state pursues the policy of putting prevention first and making overall plans for tightening comprehensive control and emphasizing efficiency in a way appropriate to local conditions. People's governments at various levels shall take measures to harness small river basins, control the ravages caused by wind and sand, and prevent and harness soil erosion and land desertification.

Slash-and-burn land development and reclaiming arable land from lakes or from slopelands that the state has banned for development are forbidden.

Article 57. The state implements a nationwide, compulsory tree-planting system. To expand the size of wooded areas, people's governments at various levels shall take measures to organize the masses to afforest the land, prevent forest fires, prevent insect pests, protect wooded areas, and ban abusive felling and theft.

Article 58. The state shall protect and rationally utilize natural resources, including water bodies, forests, grasslands, and wild animals and plants so that they will not be contaminated or destroyed.

Chapter VIII. Legal Responsibilities

Article 59. Higher authorities shall stop and publicize whoever violates the provisions of Articles 18 or 19 in this law and collect fees from peasants or agricultural production and operation organizations, imposes fines on them, or force them to share expenses or contribute funds. For those who have already collected money or used manpower or material resources, higher authorities shall instruct them to return the money, or reimburse the labor or material resources according to their worth, within a time limit. If the case is serious, higher authorities or units themselves shall take disciplinary measures against those who are directly responsible.

Article 60. Any unit that withholds funds for purchasing agricultural products and uses them for nonagricultural goods, or that withholds funds appropriated by people's governments for purchasing agricultural goods and uses them for nonagricultural purposes, or uses agricultural loans for nonagricultural purposes—in violation of the first clause of Article 41 or the second clause of Article 47 of this law—shall be instructed by the higher authorities to return the withheld and misused money within a time limit. If the case is serious, the higher authorities or the unit itself shall take disciplinary measures against those who are directly responsible.

Article 61. Whoever trades land or transfers land through any illegal means, or takes over land unlawfully in violation of the provisions of Article 4 of this law, shall have his legal responsibilities investigated according to the Law for Land Management.

Article 62. Whoever violates the second clause of Article 34 of this law and produces bogus agricultural chemicals, veterinary medicine, and chemical fertilizers; knowingly sells bogus or ineffective agricultural chemicals, veterinary medicine, fertilizer, or seeds; or produces or sells substandard agricultural chemicals, veterinary medicine, chemical fertilizers, or seeds by presenting them as quality products shall be ordered to stop production and sales; the products that are illegally produced and sold and the illegitimate incomes shall be confiscated; he shall also be fined for a sum between one to five times of the illegitimate income and have his operating license revoked. And if the case constitutes a crime, he shall have his criminal responsibilities investigated according to law.

The above-mentioned disciplinary measures shall be decided by organs prescribed by law and administrative regulations.

Article 63. Those who violate this law by encroaching upon the legitimate rights and interests of agricultural production and operation groups or agricultural workers, and cause loss or damages, are liable for civil compensation according to law.

Article 64. Unless prescribed otherwise in this law, disciplinary measures will be taken, in accordance with relevant laws and regulations, against whoever violates this law and deserves disciplinary action.

Article 65. Whoever violates this law shall have his criminal responsibilities investigated in accordance with the provisions of relevant laws.

Chapter IX. Supplementary Provisions

Article 66. This law becomes effective upon its promulgation.

Agricultural Technology Popularization Law

OW1007012693 Beijing XINHUA Domestic Service in Chinese 0124 GMT 3 Jul 93

[Text] Beijing, 3 Jul (XINHUA)—The PRC Agricultural Technology Popularization Law, adopted at the Second Session of the Eighth National People's Congress Standing Committee on 2 July 1993

Chapter I. General Provisions

Article 1. This law is enacted to strengthen the popularization of agricultural technologies, promote the application of agricultural research findings and practical technologies in agricultural production as soon as possible, assure agricultural development, and realize agricultural modernization.

Article 2. Agricultural technologies referred to in this law include scientific research findings and practical technologies for farming, forestry, animal husbandry, and fishery involving the popularization of fine seeds and breeds, the application of fertilizers, the prevention of

insect pests, cultivation and breeding technologies, the processing of agricultural and sideline products, the preservation of freshness of agricultural products, storage and transportation technologies, agricultural machinery technologies, agricultural aviation technologies, irrigation technologies, soil improvement technologies, water and soil conservation technologies, rural water supply technologies, rural energy sources utilization technologies, agricultural environmental protection technologies, agricultural meteorological technologies, and agricultural operation and management technologies.

The popularization of agricultural technologies referred to in this law includes activities of popularizing and applying agricultural technologies before, during, and after production through experiments, demonstration, training, guidance, and consultative services.

Article 3. The state shall revitalize the rural economy; accelerate the popularization and application of agricultural technologies; and develop high-yield, fine quality, and highly efficient agriculture by relying on advancement in science and technology and the development of education.

Article 4. The popularization of agricultural technologies shall observe the following principles:

- (1) It is conducive to agricultural development;
- (2) It respects the will of agricultural workers;
- (3) It proceeds through experimentation and demonstrations, taking local conditions into consideration;
- (4) It has support from state and rural collective economic organizations;
- (5) It is team work involving science research units, related schools and organizations in charge of popularizing agricultural technologies, science and technology mass organizations, scientists, technicians, and agricultural workers; and
- (6) It underscores agricultural production's economic, social, and ecological results.

Article 5. The state encourages and supports scientific and technological personnel to develop and popularize advanced agricultural technologies, and it encourages and supports agricultural workers and production units to apply advanced agricultural technologies.

Article 6. The state encourages and supports the import of advanced agricultural technologies from abroad and promotes international cooperation and exchange to popularize agricultural technologies.

Article 7. People's governments at various levels shall strengthen their leadership over popularization of agricultural technologies, and they shall organize relevant departments and units to adopt measures for promoting the popularization of agricultural technologies.

Article 8. Units and individuals having contributed to promoting agricultural technologies should be rewarded.

Article 9. In line with their respective duties, State Council administrative departments in charge of agriculture, forestry, animal husbandry, fishery, and water conservancy (hereafter referred to as administrative departments in charge of popularization of agricultural technology) shall be responsible for popularizing agricultural technology throughout the country. Under the leadership of people's governments of corresponding levels, and in line with their respective duties, administrative departments in charge of popularization of agricultural technology of governments at and above county levels shall be responsible for popularization of agricultural technology within their respective administrative areas. Science and technology departments under people's governments of corresponding levels shall provide guidance to popularization of agricultural technology.

Chapter II. The System of Agricultural Technology Popularization

Article 10. To popularize agricultural technology, a system—which integrates organizations of popularizing agricultural technology, agricultural science research units, and relevant schools as well as mass scientific and technological organizations, and farmer-technicians—shall be established.

The state encourages supply and marketing cooperatives, other enterprises and establishments, and social groups as well as scientists and technicians in all social quarters to popularize agricultural technology in rural areas.

Article 11. The duties of township, national minority township, town, and higher state organizations in charge of popularizing agricultural technology are:

- (1) Participating in formulating plans for popularizing agricultural technology and organizing their implementation;
- (2) Organizing specialized training on agricultural technology;
- (3) Providing services relevant to agricultural technology and information;
- (4) Testing and demonstrating technologies designated for popularization;
- (5) Guiding the popularization activities of lower-level organizations in charge of popularizing agricultural technology, mass organizations of science and technology, and farmer-technicians.

Article 12. Full-time scientific and technical personnel serving organizations of popularizing agricultural technology should at least have been specially trained by secondary school, or trained by specialized training classes sponsored by relevant departments of the people's governments at or above county level. Their technical levels shall be equivalent to that of a professional.

Article 13. Guided by organizations in charge of popularization of agricultural technology, village institutions and farmer-technicians engaged in popularizing agricultural technology shall disseminate knowledge about agricultural techniques, help implement measures for popularizing agricultural technology, and provide technical services to agricultural laborers.

While popularizing agricultural technology, qualified agricultural households shall be selected to demonstrate the application of the technology.

The state shall adopt measures to train farmer-technicians. According to relevant regulations, those who are qualified after evaluation shall be given technical job titles and certificates accordingly.

Villagers' committees and collective village economies shall push the village organs serving popularization of agricultural technology and farmer-technicians to do their work and give them the assistance they need.

Article 14. In addition to popularizing agricultural technology within themselves, farms, forestry centers, ranches, and fish farms shall provide the services of popularizing agricultural technology in society.

Article 15. Agricultural science research units and relevant schools should develop and popularize agricultural technology in line with the needs of rural areas' economic construction and development, and they shall accelerate the popularization and application of advanced technology in agricultural production.

Educational departments shall carry out in rural areas vocational and technical education relevant to the popularization of agricultural technology so as to improve the proficiency of agricultural workers as well as personnel engaged in popularizing agricultural technology. The state encourages collective agricultural economies, enterprises, establishments, and other social forces to provide education in agricultural technology in rural areas.

When assessing job titles for scientific and technological personnel working at agricultural scientific research units and at relevant schools who are engaged in popularization of agricultural technology, their performances in popularizing agricultural technology shall be considered an important reference in the assessment.

Article 16. The state encourages and supports the development of mass scientific and technological organizations in rural areas and the roles they play in popularizing agricultural technology in rural areas.

Chapter III. The Popularization and Application of Agricultural Technology

Article 17. For the sake of popularizing agricultural technology, a list of agricultural technology to be popularized shall be compiled. Key technology to be popularized shall be incorporated into the state and local scientific and technological development plans which shall be

carried out by administrative departments in charge of popularization of agricultural technology in coordination with science and technology departments in accordance with each other's duties.

Article 18. Agricultural science research units and relevant schools should include the technical problems encountered in agricultural production in their research projects. The research results they have achieved may be popularized among agricultural workers and operators directly by themselves, or through organizations in charge of popularization of agricultural technology.

Article 19. The technical advantages and adaptability of the agricultural technologies must first be proved through experiments in recipient areas before they are introduced to agricultural laborers.

Those who have caused losses to agricultural laborers because the technical advantages and adaptability of the agricultural technologies they promoted to agricultural laborers had not been proven through testing in the recipient areas shall be liable for civil damages, and the units or their superior organs may mete out disciplinary measures against those responsible personnel or other personnel who are directly responsible for the losses.

Article 20. Agricultural laborers shall apply agricultural technologies according to the principle of voluntariness.

No organizations or individuals shall force agricultural laborers to apply agricultural technologies. Those who have caused losses to agricultural laborers as a result of forcing them to apply the agricultural technologies shall be liable for civil damages, and their units or their superior organs may mete out disciplinary measures against the responsible personnel or other personnel who are directly responsible for the losses.

Article 21. County and township organizations in charge of popularization of agricultural technology shall encourage agricultural laborers to study agricultural science and technology to improve their capability of applying agricultural technology.

For agricultural laborers who apply advanced agricultural technology in production, relevant departments and units should support them in terms of technical training, capital, materials, and marketing.

The state encourages and supports agricultural laborers to take part in popularizing agricultural technology.

Article 22. Except those stipulated separately in the second clause of this article, the services which state organizations in charge of popularization of agricultural technology provide agricultural laborers are free.

Organizations in charge of popularization of agricultural technology, agricultural research units, relevant schools, and scientific and technological personnel may charge for their services when they provide agricultural technologies in the forms of transferring technology, providing technical services, and undertaking technical contracts,

and their legitimate incomes are protected by the law. Parties concerned shall sign contracts to state their respective rights and obligations.

The state treasury shall allocate funds needed by state organizations in charge of popularization of agricultural technology to popularize agricultural technology.

Chapter IV. Safeguard Measures for the Popularization of Agricultural Technologies

Article 23. The state shall gradually increase inputs to popularize agricultural technologies. People's governments at all levels shall guarantee funds in their budgets for use to popularize agricultural technologies and shall increase such funds on an annual basis.

People's governments at all levels shall appropriate money from their budgets and allocate a fixed proportion of money from the agricultural development fund to establish a special fund to undertake agricultural technologies popularization projects.

No organs or units shall hold up or use the agricultural technologies popularization fund for other purposes.

Article 24. People's governments shall take steps to guarantee and improve the working and living conditions of professional scientific and technological personnel engaged in popularizing agricultural technologies, increase their pay, and provide them with allowances in accordance with state regulations to ensure the stability of agricultural technologies popularization organizations and professional scientific and technological personnel. In evaluating and determining the title of a technical post for professional personnel engaged in popularizing agricultural technologies in villages and townships, main emphasis shall be placed on professional personnel's technical standards and performance.

Article 25. Collective economic organizations in villages and townships shall allocate money from funds contributed by their own enterprises as subsidies for agricultural development and use it to popularize agricultural technologies in their respective villages and townships.

Article 26. Agricultural technologies popularization organizations, agricultural research units, and relevant schools shall, in light of the needs for developing the rural economy, operate different forms of service combining technological assistance with provision of material. The state shall provide preferential treatment in tax and credit to agricultural service enterprises set up by agricultural technologies popularization organizations, agricultural research units, and relevant schools.

Article 27. Administrative departments and organizations responsible for popularizing agricultural technologies shall provide technological training to personnel engaged in popularizing agricultural technologies and organize vocational study according to a well-developed plan in order for the personnel to acquire new knowledge and raise their vocational standards.

Article 28. Local people's governments at all levels shall take steps to ensure the availability of experimental bases and capital goods for agricultural technological popularization organizations to conduct agricultural technological experiments and demonstrations.

Local people's governments at all levels shall guarantee the availability of necessary conditions for agricultural technologies popularization organizations to carry out their work.

Local people's governments at all levels shall safeguard agricultural technologies popularization organizations' experimental bases, capital goods, and other properties against unauthorized use by others.

Chapter V. Attachments

Article 29. The State Council shall enact implementing regulations on the basis of this law.

The standing committees of people's congresses in various provinces, autonomous regions, and municipalities shall enact implementing measures on the basis of this law and in light of the actual conditions of their respective regions.

Article 30. This law takes effect on the date of its promulgation.

Provinces Work Out Institutional Reform Schemes

HK1307122593 Hong Kong WEN WEI PO in Chinese
22 Jun 93 p 6

[By staff reporter Chen Chien-ping (7115 1696 1627): "Plans for Institutional Reform in Various Provinces and Municipalities Have Been Worked Out"]

[Text] Beijing, 21 Jun (WEN WEI PO)—According to sources here, the CPC Central Committee and the State Council have required the various provinces, autonomous regions, and municipalities to come up with schemes for institutional reform, control the number of provincial-level government institutions to within 55, and reduce staff by an average of 20 percent. As for the institutional reform in the prefectural-level governments, the central authorities have required that their functions be shifted to supervision, inspection, coordination, and feedback, with staff being reduced by 30 percent.

According to the sources, the central authorities required that in the structural reform of the provincial-level party and government institutions, the average number of government institutions be kept at around 55, and the municipalities can have about 75 [as published] government institutions. Party and government institutions are divided into two categories. One category includes those that must be set up, such as the public security and finance departments, and the Central Establishment Commission will lay down unified stipulations on the setup of such institutions. The other category includes

institutions that can be set up according to local conditions, especially in the economic field, and the central authorities will not interfere in the establishment of such institutions. The staff in the municipal government institutions will be reduced by about 15 percent [as published].

The general requirements laid down by the central authorities for the institutional reform in provinces, autonomous regions, and municipalities include the following points: Transforming functions, rationalizing relations, reducing examination and approval procedures, concentrating on the formulation of local economic and social development strategies and long-term and intermediate-term plans, ensuring balanced distribution of resources and maintaining a balance between gross supply and gross demand, reducing direct management of day-to-day economic activities, more effectively and comprehensively coordinating local production and transportation and promoting the integration of industry and commerce, and fostering and developing markets. At the same time, rationalization of the relationship between upper and lower administrative authorities is required, especially the relationship between cities with independent budgetary status and the provinces where they are located. The reform in the municipalities is aimed at bringing the role of the large cities into full play. At present, in 14 localities, prefectural governments and prefectural-level city governments are located in the same place, and they should be merged. Their functions should be shifted to supervision, inspection, coordination, and feedback.

Different requirements are laid down for institutional reforms in different types of county-level governments, and they are required to effect power devolution in a larger scope. The personnel dispatched by the county institutions to townships, include those who provide services in the farm machines, farming techniques, forestry, animal husbandry, veterinary, cultural, and broadcast fields will be managed by township governments. Such departments as public security and water conservancy will be managed by both the county institutions and the township governments. Supervisory institutions such as the industrial and commercial administrations and the taxation departments will be mainly managed by the county governments.

Government Plans Reform To Enliven Culture, Arts

OW1407131393 Beijing XINHUA in English 1301
GMT 14 Jul 93

["Roundup" feature]

[Text] Beijing, July 14 (XINHUA)—As the market economy forges ahead in China, the government is adopting measures to further invigorate the cultural sector.

At the top of the Cultural Ministry's agenda this year is to reform its 3,200 artistic performance troupes, which have for 40 years survived solely on state funds.

Today, only a few of them are allowed government subsidies, while most are moving toward diversified ownerships. The development of non-government-run troupes is encouraged.

Analysts here said the trend reflects the fact conditions have been created for the development of culture by society as a whole, instead of solely by the state.

Another eye-catching scene is the boom in the cultural market. Arts brokers are coming to life and rock stars tour nationwide, while arts auctions, the film market, and even manuscript auctions have all sprung up, with enterprise backing to cover costs.

The first government-operated arts fair will be staged in the foreign trade building in Guangzhou in November this year, at which outstanding paintings are expected to be sold.

Starting this year, the government will give bonuses to Chinese artists who win international arts competitions, with the highest awards standing at 10,000 yuan, or two years' salary for an ordinary Chinese worker. This will serve to break the norm of only awarding a merit paper to serious artists.

Following the reforms, some professional writers, who have long been accustomed to an "iron bowl" system, will have to find jobs by themselves. And in fact a few of them have already quit writing and turned to business.

Legal measures and economic policies concerning culture are also under draft, the Cultural Ministry said.

To guarantee that the new cultural framework is a socialist one, the government requires that artistic creations reflect patriotism and socialism, with variety being advocated. Leading awards established by the Cultural Ministry and the Ministry of Radio, Film and Television this year will continue to stress the socialist line.

The main doctrines of "let a hundred flowers blossom and a hundred schools of thoughts contend" and "arts must serve people and socialism" will keep their dominant positions, officials pointed out.

Analysts attributed the boom to the vividness of practical life resulting from the growing market economy and social stability.

Jiang Zemin, general secretary of the Chinese Communist Party, and other top leaders recently repeatedly called on boosting culture, which serves to enhance socialist ethical standards besides economic progress.

However, Li Guangxi, a noted singer, said that "the emerging cultural market breeds pop art but shoves the traditional ones into a corner."

To overcome the difficulty, the government insists that it will not "push every artistic form to the market", but subsidize certain cultural practices.

Another challenge seems more severe. Violent, pornographic publications have become a headache recently. Thus, a national crackdown was launched in spring this year and a conference opened this month calling on the fight against cultural depredation to be continued.

CCTV To Introduce New Programs, Increase Channels

OW1007002493 Beijing XINHUA Domestic Service in Chinese 0930 GMT 8 Jul 93

[By reporter Feng Yingbing (7458 3841 0393)]

[Excerpts] Beijing, 8 Jul (XINHUA)—During a news briefing here today, Yang Weiguang, director of the China Central Television Station [CCTV], said: This year, CCTV has scored some achievements in improving program quality and enriching program content. The next step is to quicken the pace of reforming television programs, to gradually increase the number of channels, and to develop satellite television.

Yang Weiguang said: Since 1 March, CCTV has been continuously airing news programs. This effort not only conforms to international practice but has also attracted more viewers of important news programs and earned favorable comment from all circles. Programs that began airing on 1 May—such as "Oriental Time and Space," "East, West, South, North, and Center," and "Around the World in 45 Minutes"—have won widespread support because they are closely related to society, people's lives, and viewers. Over the next six months, CCTV will air "Red Sunset," a magazine-type program intended for elderly viewers.

At present, viewers across the country can watch CCTV's programs No. 1 and 2, but only viewers in Beijing can watch its program No. 3. Yang Weiguang said: Beginning this August, we will transmit program No. 3 via satellite to viewers nationwide. Next year, CCTV plans to add two more channels specifically for the transmission of sports programs and movies. [passage omitted]

The CCTV chief editor's office also introduced some major programs to be aired by CCTV in the near future: Beginning on 19 July, 26 films featured in the "National Science and Technology Short Film Festival" will be continuously broadcast on programs 1 and 2. A seven-part TV series, "Appreciation of Chinese Opera," will be aired on program 2 at the end of July. This program will introduce works representing various historical stages of Chinese opera development during the 70 years since the early twenties when Chinese children opera was first introduced. Around Army Day, CCTV will broadcast a full-length TV documentary, "The Gate to China." This program will, for the first time, offer a comprehensive view of our country's open situation in areas around land ports, seaports, and airports and those along the borders,

as well as the deeds of our soldiers who garrison the frontiers. In September, it will televise the final of the first "Beijing International Amateur Televised Beijing Opera Contest." In addition, CCTV has scheduled arts and sports programs for the summer to meet the different needs of middle and elementary school students and children.

Programs To Be Available in North America

OW0907082493 Beijing XINHUA in English 0808
GMT 9 Jul 93

[Text] Beijing, July 9 (XINHUA)—Viewers at home and abroad will soon have more choices of TV programs broadcast from the China Central TV (CCTV) station through satellite transmission.

Yang Weiguang, director of the station, said this here on Thursday [8 July].

Chinese viewers are now able to watch the first and second programs, while the third one can only be received by Beijing viewers. Yang said that the third program will cover the whole country by satellite from August this year.

He said that the station will also start another two programs next year, offering sports and film programs respectively.

Since October 1 last year Chinese TV broadcasts have reached Asia, Australia, the Commonwealth of Independent States and South Africa. Beginning in August this year, they will cover North America, and the whole world in the next step, the director said.

At present, TV programs from a dozen countries and regions are available in China, such as those from CNN in the United States, BBC in Britain, NHK in Japan and MTV in Hong Kong. The Republic of Korea and Singapore are also planning to transmit their TV programs via international communication satellites.

Beijing To Televise First Foreigner-Hosted Series

OW1007105293 Beijing XINHUA in English 0806
GMT 10 Jul 93

[Text] Beijing, July 10 (XINHUA)—China will televise through a satellite its first foreigner-hosted TV documentary series overseas next month.

The China Central Television Station (CCTV) has invited four foreigners to host "China Through Foreigners' Eyes", a program examining the country's current developments and problems, involving the people's daily life and economic reform.

The hosts are from the United States and Canada. One of them, Richard Delano, said that he prepared major questions during interviews with Chinese people. In his 60s, Delano was chief announcer at the Hawaii Public Radio station and now hosts a music program at Radio Beijing.

Most of the foreign hosts are now working at Radio Beijing (China Radio International), which broadcasts in 48 languages to more than 100 million people abroad.

The 26-part series includes a depiction of Shenzhen, China's first special economic zone, and Tangshan, a city rebuilt after it was devastated by an earthquake in 1976.

Correction to Item on NPC Appointments, Removals

OW0807205793

The following correction pertains to the item subheaded "NPC Appointments, Removals," published in the Political & Social section of the 6 July China DAILY REPORT, page 32:

Column one, last line of column (paragraph fourteen of item itself), make read: Liu Jiachen is appointed SPC vice president. [new paragraph]

Wang Jingrong is appointed.... (picking up first paragraph of column two, correcting Liu Jiachen's title)

Economic & Agricultural

Jiang Zemin Urges Study of Rural Work Proposal

OW1407104593 Beijing XINHUA Domestic Service in Chinese 0022 GMT 3 Jul 93

[By reporters Zou Aiguo (6760 1947 0948) Zhu Dongju (2612 0392 5468)]

[Text] Beijing, 3 Jul (XINHUA)—The CPC Central Committee attaches importance to the "Proposal on Strengthening Current Agricultural and Rural Work" made by the Central Committee of the China Democratic National Construction Association [CDNCA]. Writing recently in reply to the CDNCA Central Committee, the CPC Central Committee called CDNCA's opinions and suggestions very good and of great value in its correct guidance on agriculture and rural work.

Seizing upon the campaign waged in recent years to support agriculture, the CDNCA Central Committee worked out the proposal by organizing manpower to conduct investigations and studies of several prominent problems in agriculture and rural work, and by holding in-depth discussions with experts and scholars on these problems.

After the CPC Central Committee received the CDNCA Central Committee's proposal, General Secretary Jiang Zemin and other leading comrades in the party Central Committee found that the proposal was of great value and merited attention. They instructed that the proposal be printed and distributed to members of the CPC Central Committee Political Bureau and Secretariat. At the same time, they directed that the proposal be forwarded to the State Council for study.

In the proposal, the CDNCA Central Committee sets forth the following major problems in current agricultural and rural work: The widening price differential between industrial and agricultural products, the growing peasant burden, declining growth rates in peasant income, unmarketable agricultural products, the serious problem of illegally occupied arable land, decreased government input in agriculture, and the diversion of large amounts of funds earmarked for agriculture. The proposal calls for understanding these problems from a more profound perspective, noting that they still involve the role of agriculture as the foundation of the national economy within the context of the national economy as a whole, and how to protect peasants' legitimate economic interests and political rights.

The CDNCA Central Committee made a six-point suggestion: strengthening the role of agriculture as the foundation of the national economy, increasing input in agriculture and strengthening macroeconomic regulation and control, revitalizing agriculture through science and technology and striving to improve peasants' scientific and cultural qualities, adopting various approaches to upgrade the organization of peasants, optimizing the agricultural structure through a market-oriented approach in order to improve the multipurpose utilization rate of agricultural products, and actively developing markets in rural areas.

After receiving the CDNCA Central Committee's proposal, the State Council instructed the State Planning Commission and other relevant departments to study it and make suggestions. After consulting the State Economic and Trade Commission, the Ministry of Agriculture, and other departments, the State Planning Commission responded item-by-item to the CDNCA Central Committee's proposal and outlined specific opinions on adopting the proposal.

In its reply, the CPC Central Committee agreed with the State Council's opinions, expressing its heartfelt thanks to the CDNCA Central Committee and its members for their concern with national affairs and for actively participating in and discussing government and political affairs. It also expressed the hope that the CDNCA would continue to offer its valuable opinions in the future.

Jiang Inscribes for Automaker on Anniversary

*OW1407104493 Beijing XINHUA in English 0950
GMT 14 Jul 93*

[Text] Changchun, July 14 (XINHUA)—A ceremony was held here today to mark the 40th anniversary of the founding of China's leading automaker, the No. 1 motor vehicle plant, which launched China No. 1 Motor Vehicle Group Corporation in 1992.

Chinese President Jiang Zemin, who worked in the plant in the '50s, wrote an inscription for the occasion, which reads: "Build a modern car industrial production base."

Geng Zhaojie, chairman and general manager of the Changchun-based corporation, said that the No. 1 motor vehicle plant, the parent company of the corporation, has built 1.8 million motor vehicles over the past 40 years.

He said that the plant is now capable of assembling 200,000 units a year, up from 30,000 units in the '50s. Its annual sales have topped 10 billion yuan (about 1.75 billion U.S. dollars).

The plant has assembled nearly 40,000 Audi cars since it began to build a car assembly line in 1988. It is now installing another assembly line together with the Volkswagen company of Germany. The line will be able to assemble 150,000 cars a year when it goes into operation in 1996.

The plant built China's first Jiefang (Liberation) truck in 1956 and its first Dongfeng (East Wind) car in 1958. The late Chairman Mao Zedong said then, "at last I'm sitting in a car made by Chinese!" in the same year it also built China's first Red Flag limousine.

According to Geng, the China No. 1 Motor Vehicle Group Corporation currently has 149 member companies employing a total of 280,000 people and holding total fixed assets worth 4.8 billion yuan. These include 18 companies assembling cars and trucks, 65 plants building buses and special-purpose motor vehicles, and another 65 factories manufacturing auto parts.

Geng predicted that in ten years his corporation will grow into an auto giant capable of building one million units a year and reaching annual sales exceeding 10 billion U.S. dollars.

"I'm sure that then our corporation will be able to develop new cars independently and build an auto assembly plant with an annual production capacity of 300,000 units," he said.

Jiang Zemin, Li Peng Inscribe for Chemical Firm

*OW1307144193 Beijing XINHUA in English 1426
GMT 13 Jul 93*

[Text] Beijing, July 13 (XINHUA)—In the past decade since the founding of the China Petrochemical Corporation, China's petrochemical industry has made brilliant achievements.

Party chief and President Jiang Zemin and Premier Li Peng as well as other party and government leaders, including Rong Yiren, Tian Jiyun, Li Lanqing, Li Tieying, Zou Jiahua and Jiang Chunyun have all written inscriptions to mark the tenth anniversary of the founding of the corporation.

In the past ten years the corporation has invested 70.4 billion yuan in fixed assets. The most important projects already completed are four ethylene plants—the Daqing, Qilu, Yangzi and Shanghai plants, respectively, with an annual production capacity of 300,000 tons of ethylene

each, and three synthetic ammonia plants in Ningxia, Urumqi and Zhejiang, respectively, each with an annual production capacity of 300,000 tons. Other major projects include construction of big chemical fertilizer plants, two chemical-fiber plants and some oil refineries.

By the end of 1992 the corporation had the capacity to refine 142 million tons and produce 1.95 million tons of ethylene, making China fourth and eighth in the world in these fields, respectively. Now, the corporation is able to supply the market with 1,500 varieties of petrochemical products at the rate of a total of over 100 million tons each year.

By the end of last year, the value of the corporation's fixed assets had reached 122 billion yuan—nearly four times that ten years ago. Last year the corporation earned 105.2 billion yuan from sales, which was quadruple that ten years ago. In the past few years the corporation has turned over to the state 127 billion yuan in taxes and profits.

Meanwhile, the corporation has drawn up a program to increase its annual oil-refining capacity to 200 million tons and its ethylene production capacity to five million tons by the year 2000. By that time the output value of the petrochemical industry will account for seven to eight percent of the gross national product.

Li Tiesing Addresses Market Economy Development

HK1407080493 Beijing ZHONGGUO JINGJI TIZHI
GAIGE in Chinese No 5, 23 May 93 pp 6-13

[Report: "Li Tiesing on Speeding Up Establishment of Socialist Market Economic Structure"]

[Text] At a forum attended by directors of the economic restructuring committees of some provinces and municipalities on 8 May, Li Tiesing, member of the CPC Central Committee Political Bureau, state councillor, and chairman of the State Commission for Restructuring Economy, delivered an important speech. He emphasized the present need to study conscientiously and systematically and to apply Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as a guideline for economic restructuring; analyzed the current state of reform and development and called for efforts to grasp the outstanding problems in the economy at present and accelerate and deepen reform; set forth 10 major issues that must be studied in depth in the establishment of the socialist market economic structure and the need to step up the formulation of an "outline on a comprehensive plan for building a socialist market economic system"; and stressed the need to upgrade the work of the country's economic restructuring sector to new heights.

Published below are excerpts of Li Tiesing's important speech entitled "Get a Clear Understanding of the Situation, Seize the Opportunity, and Speed Up the Establishment of a Socialist Market Economic Structure."

To begin with, Li Tiesing emphasized the need to guide reform with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. He points out that under the direction of Comrade Deng Xiaoping's important talks made during his tour of southern China and the spirit of the 14th party congress, China's economic restructuring has entered a new historical stage. The theme of the Eighth National People's Congress [NPC] is to seize the opportunity, accelerate the pace of reform, opening up, and modernization, and strive to upgrade the national economy to a new level. In his talks, Comrade Xiaoping made a brilliant analysis of the international and domestic situation, summed up in a scientific way the basic practice and basic experience since the beginning of the reform and opening up, and proposed further emancipating the mind, renewing concepts, seizing the current favorable opportunity, and accelerating the pace of reform and opening up. The 14th party congress aligned the ideology of the whole party with the spirit of Comrade Xiaoping's talks made during his trip to southern China and defined in no uncertain terms the objective of China's economic restructuring as the establishment of a socialist market economic structure. The Eighth NPC put this objective down in the Constitution; set the targets for the acceleration of reform, opening up, and economic development in the coming five years; and turned the theory, principles, and policies set forth by Comrade Xiaoping into guidelines for the concrete actions of millions upon millions of people.

The reform and opening up over the past 14 years is a great process of implementing Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. The important talks given by Comrade Xiaoping during his visit to southern China offered a clear answer to many important ideological problems that had perplexed and restricted our minds and were a catalyst for reform and opening up. Comrade Xiaoping's series of expositions on the objective, guiding ideology, principles, methodology, and steps of economic restructuring occupy an extremely important position in the theory of building socialism with Chinese characteristics. What is most important for us engaged in economic restructuring is to study, research, and apply, conscientiously and systematically, Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and to help advance China's economic restructuring in a more efficient way.

Li Tiesing analyzes the current state of reform and development. He says: The proposition of the objective of establishing a socialist market economic structure is an important development of the theory of building socialism with Chinese characteristics and a scientific summing up of reform practice over the past 14 years. Since last year, the pace of China's reform and opening up has significantly quickened and the situation is very good, displaying some new features. First, the understanding of the whole nation has been unified in an unprecedented way, and the objective of reform has been

made more specific. Reform has come full swing in the enterprise system, market cultivation, planning, monetary affairs, taxation, social security, labor and wage system, and housing systems. Second, reform has made substantial progress in some important fields. For instance, standardized experiments on the joint stock system were conducted with vigorous efforts. In 1987, discussions over the need to introduce a joint venture system caused much controversy. Things are very different now. The joint stock system is an effective way of developing a socialist market economy. This has not only become a common understanding of the people but has also achieved a great breakthrough in practice. The establishment of nearly 400 joint stock enterprises was approved last year alone. Enterprise restructuring was accelerated by introducing the bankruptcy mechanism. Last year, nearly 60 state enterprises were declared insolvent by following legal procedures. Efforts were made to seize the opportunity and speed up price reform. At present, over 1,800 counties (cities) nationwide have decontrolled grain prices, over 80 percent of production means, over 85 percent of agricultural products, and over 90 percent of total retail volume. The market mechanism is playing an even greater role in resource allocation. Currently, mandatory industrial production planning by the State Planning Commission accounts for only 7 percent of total output. Third, the institutionalization and codification of economic operations and management have been accelerated, with the formulation of the "Regulations on Changing Operating Mechanisms of State-Owned Industrial Enterprises," "General Provisions on Enterprise Financial Affairs" and "Code of Practice for Enterprise Accounting," "Provisional Regulations on the Issuance of Stocks and Management of Stock Exchanges," and 16 documents supporting the "Regulations on the Operation of Experimental Joint Stock Enterprises." Even more implementation measures, ordinances, and regulations have been promulgated by provinces, municipalities, and relevant departments nationwide. Fourth, opening up has forged ahead to an unprecedented extensiveness and depth. By the end of last year, 84,000 wholly or partially foreign-funded enterprises had been registered in China, an increase of 41,000 over the end of the year before; direct foreign investment materialized last year registered \$11.16 billion, 1.6 times more than the previous year; and the total volume of imports and exports last year was \$80.6 billion and \$85 billion respectively, up 26.4 and 18.2 percent over the previous year.

Li Tieying pointed out some of the problems which merit attention in the process of speeding up the pursuit of a socialist market economic system. Mainly they are: Reforms of government functions and the macroeconomic management system are lagging behind and reforms in different localities are uneven in progress. Some localities are concentrating on development, eager to get ahead with investment and projects, and are ignoring structural reforms and the conversion of economic mechanisms. There has been excessive enthusiasm for stocks and shares, fund raising, real estate,

development zones, and fixed asset investment. For instance, in the recent excessive enthusiasm for stocks and shares, there seems to be a misconception that experiments in the joint stock system are necessarily associated with stock issues and listing on stock markets for trading. Some firms, in experimenting with the creation of a type of joint stock company whose shares are issued only to a specified group of people, issued shares designated for internal workers to outsiders and shares designated for legal persons in amounts larger than allowed, with the result that internal shares were freely available to the public and shares meant for legal persons ended up in the hands of individuals. In yet another example, some localities were gripped by real estate fever. Last year, the number of real estate and property developer firms increased from 3,700 to 12,000. There are now over 1,500 real estate and property exchanges. Overheated and unregulated property trading is draining revenue generated from land leases, threatening to derail housing reform, is causing some corrupt phenomena, and may easily trigger a "bubble economy." By the end of last year, provinces and cities had launched a total of 2,000 development zones, apart from the 109 various development zones approved by the state. Many of these have not been able to attract any investment, but between them are taking up over 20 million mu of land and are thus wasting land resources.

As regards development, the national economy has entered the high-speed growth period. The overall situation is good and healthy, but there are now some serious problems that cannot be ignored. One, the scale of investment is disproportionately large and the growth of aggregate demand has been too rapid. Two, the expansion in demand runs side by side with structural imbalances, and adjustments in the existing product mix, production structure, and business organizational structure are proceeding at a snail's pace, increasing the pressure on bottleneck industries and rendering aggregate equilibrium harder to attain. Three, overall economic returns remain low when the economy is growing rapidly and state-run enterprises are still running at huge losses. Four, the financial and banking situation remains grim. Urban and rural residents' savings are falling. Capital movements outside of banking system are running out of control, pushing up inflation. The first-quarter national retail price index rose 8.6 percent this year from the same period last year. Living expenditure in 35 large cities included in the index was up 15.7 percent. Five, there are relatively serious cases of state-owned assets being drained away.

The problems described above are those which have resulted from the development and the coexistence of two kinds of systems and operating mechanisms at a time when reform is entering a transition from an old system to a new system. On the one hand, the market economic system and operating mechanisms are immature and unregulated. On the other hand, the role of the planned economy is being weakened, causing loopholes and confusion in its wake. Historical experience proves

again that, under the old system, with no microscopic mechanisms and risk to act as a checks, but with excessive government intervention at all levels, irrational interest structures tended to generate a high propensity to expand and invest, and this, as the economy developed, inevitably degenerated into a vicious circle of "expansion-retrenchment-expansion." We have now reached a critical juncture where pure administrative measures can no longer fundamentally solve the problems caused by high-speed growth. The only way out lies in quickening the pace and deepening reform and solving existing problems with reformist methods.

Li Tieying demanded that localities and departments take account of current prominent problems in economic operations and quicken the pace of deepening reform, saying: We must handle well the relationship between reform and development. And the key to it lies in solving two problems, both concerned with understanding. One is how to carry out macroregulation and control effectively. The pursuit of a market economy means that we must carry out effective macroregulation and control with economic means, though this does not mean that administrative intervention deemed necessary will be excluded. To ensure smooth progress in reform and development and to deal with the current prominent problems, the State Council has adopted a range of measures designed to solve economic development problems promptly while they are still at an early stage to prevent drastic fluctuations. The central authorities are also prepared to go further in adopting indirect regulatory and control measures; for instance, regulating and controlling the macroeconomy with economic levers such as interest and exchange rates and prices. Two is how and in what way we can seize the opportunity, which is seizing the opportunity for development as well as reform. In a sense, pursuing reforms means seizing the opportunity. The opportunity for development can only be seized if we handle reforms well. Therefore, all of our reformist tasks should be aimed at the "hot spots" in current economic life that await an urgent solution; at the same time we must concentrate our efforts on the key tasks of reforming the system and transforming mechanisms. Our main efforts should be directed to the establishment of a new system.

The central tasks for reform now is to achieve substantial progress in critical areas, such as straightening out management-ownership relations, creating and perfecting a market system, and promoting reforms in investment, finance, taxation, banking, and social security structures with a view to solving some of the current difficulties, at all times keeping with the two main themes of transforming enterprises' operating mechanisms and changing the government's role in economic management.

Regarding transforming operating mechanisms, the main things are to get hold of links that can contribute to an improvement of economic returns, optimize the structure, and transform mechanisms; implement and carry out "ordinances"; put the "general regulations on

corporate finance" and "guidelines for corporate accounting" into effect; standardize the joint stock experiment; actively adjust business organizations; introduce more of the competition and bankruptcy mechanisms; straighten out management-ownership relations; and actively probe for an effective and realistic form for the organization of state-owned assets and a management and operational system for them.

Regarding changing government functions and its role in economic management, we must work in accordance with the unified planning provided by the central authorities, and pursue reforms in government organs at all levels with the objective of genuinely changing functions, straightening out relations, cutting down staff sizes and paper work, and raising efficiency. We must increase the pursuit of an indirect macroregulatory and control system and promote corresponding reforms in enterprises, finance, taxation, banking, and government functions, with reform of the investment system taking the lead. In particular, we must expedite reform in the banking system, regulate financial markets, straighten out areas of responsibility between the central and commercial banks, distinguish between policy-related and commercial lending, promote a standardized and separate taxation system, and, under the principle of giving play to the role of the central authorities and localities, rationally define economic management powers for different levels of government and allocate financial revenues and expenditure based on powers given.

Regarding creating a market system and exercising the role of market mechanisms, the main things are to seize the opportunity to rationalize prices, create a price-formation mechanism where prices are predominantly determined by the market, and actively promote the development of a factor market with the emphasis on capital, labor, and technology. It is necessary to promulgate methods for experiments in futures markets and expedite the drafting of laws and rules and regulations on the operation of a market economy in order to regulate market order as soon as possible.

Regarding social security reforms, we must actively grasp the experimental comprehensive reform programs in Guangdong, Hainan, and Shenzhen; sum up experiences; and expand the scope of social insurance as soon as possible. Meanwhile, we must expedite housing reform with coordination from all fronts.

With the experimental comprehensive reform programs, we must maintain a hands-on approach to everything down to the last detail and produce genuine results. We will convene an experience-exchange meeting on the county-level comprehensive reform experiment in the third quarter of the year and an experience-exchange meeting on the urban comprehensive reform experiment in mid-year, and we will cooperate with the State Science and Technology Commission on the comprehensive scientific, technological, and economic reform programs in several cities.

On speeding up the creation of a socialist market economic system, Li Tieying said that there are still eight years from now to the end of this century. The overall mission for the next eight years is to establish a socialist market economic system initially.

The socialist market economic system is one that employs primarily market mechanisms as a means to optimize the allocation of resources under state macro-regulation and control. It comes into existence in response to objective requirements posed by large-scale socialized production and market internationalization. To understand the socialist market economic system, it is necessary to grasp a few basic points: One, the socialist market economic system must obey the general laws of a market economy. This means: market mechanisms play a fundamental role in the allocation of resources; all factors of production such as capital, labor, technology, and land should enter the market; firms become the dominant players in the market on the basis of clearly defined management-ownership relations and a plurality of bodies of interests in order to create a unified, open, and orderly market system; and so on. Two, correctly define the roles and functions of government in economic management so that government can pursue indirect macroregulation and control. Three, in response to the inherent requirements of a basic socialist economic system, we must rationalize relations of distribution and create a complete social security system to ensure social justice and achieve common prosperity. The most fundamental objective in creating a new economic system and operating mechanisms is to endow the socialist market economy with greater vitality and efficiency than capitalist market economies and to release and develop productive forces to the maximum.

The 14th party congress put forward explicitly: "The creation of a socialist market economic system touches on our country's economic foundation and many areas in the superstructure and calls for a range of corresponding structural reforms and policy adjustments. It is necessary, therefore, to increase efforts to draft a blueprint and to implement it in planned steps." Acting on the spirit of Comrade Xiaoping's key addresses made during his southern inspection trip last year, the State Commission for Restructuring the Economy began last June to organize manpower for a study of the problems concerned with the establishment of a socialist market economic system, has drafted an "overall concept on building a socialist market economic system," and is conducting extensive consultations on further revisions before finalizing the draft into an "outline on a comprehensive plan for building a socialist market economic system."

The drafting of the "outline on a comprehensive plan" is an essential and a very urgent task. First, the target of creating a socialist market economic system proposed by the 14th party congress and the four interrelated areas identified by the congress, show the direction in which

we should continue to pursue reforms. However, perceptions still differ on the specific details of a basic framework for the new system and its predominant nature and on what significant moves and actions we should adopt to expedite the establishment of the new system. We need to do something further to unify these different perceptions. Second, reforms at a deeper level necessarily involves adjustments in the matrix of interests between localities and departments. These are problems that will not go away without the coordinated and integrated implementation of a comprehensive design and overall program of reform. Moreover, the pursuit of a market economy demands that legislation work be expedited. But persistent inconsistency between significant principles within the system prevents new legislation from playing its proper role. In any way, "planning ahead helps bring success" and "whoever prepares well wins." Only with comprehensive planning, ideological unification, and strengthened coordination between reform supporting measures can we avoid procrastination on important issues, launching single unsupported projects and the resulting frictions, and wasting energy on circuitous routes.

Li Tieying said that to expedite the creation of a socialist market economic system it is necessary to research 10 big topics intensively:

- The creation of an ownership structure commensurate with the initial stage of socialism. On the basis of allowing the state ownership economy the main role, form a new ownership structure which conceives a dominant role for public ownership and long-term coexistence, joint development, and fair competition among multiple economic elements, such as individual, private, and foreign capital businesses.
- Build a modern corporate system. Rationalize management-ownership relations, separate administration from businesses, and enable state-owned enterprises to assume independent responsibility for their operations and profits and losses to achieve self-development and self-restraint as independent commodity producers and operators.
- Build a modern market system and a price-formation mechanism. Build a unified, open market system with a sound legal framework, which is unified and features orderly competition. In particular, we should develop a capital goods markets.
- Build a socialist distribution and a social security system. The system will observe distribution according to work as the basic principle and supplement it with other modes of distribution, so as to achieve unity between efficiency and justice and common wealth among all members of society.
- Build an indirect macroregulatory and control system. Take economic policies and economic levers as the chief means of achieving aggregate equilibrium in the macroeconomy and optimizing the entire structure.

- Build an open foreign trade system that accords with international conventions and actively participates in international competition and cooperation. We will employ proper economic measures, such as the exchange rate and tariffs, to meet the requirements of the General Agreement on Tariffs and Trade. We will participate in the international division of labor and international exchanges, effect a two-way flow between foreign and domestic resources and capital goods, and enable the domestic market to dovetail with international markets.
- Build a new system conducive to the growth of the market economy in rural areas. Stabilize and perfect a management system which features chiefly an output-linked contracted household responsibility system and a combination of unified with separate management, vigorously develop socialized services and township and town enterprises in rural areas, continue to adjust rural policies, and promote all-around social, economic, and cultural development in rural areas while ensuring sustained agricultural development and continuous increases in peasants' incomes.
- Establish a legal system which fits a socialist market economic system. Regulate government, corporate, and individual economic behavior with a view to achieving standardized, institutionalized, and legalized economic relations, operations, and management.
- Establish a standardized pattern that assigns roles for central and local governments in running the economy. Distinguish between administrative and financial power and regulate the development of regional economies.
- Pursue reforms in areas playing a supporting role in economic structural reforms, such as science and technology and education.

Li Tieying hoped that comrades at all levels of departments for restructuring the economy study intensively this important topic of building a socialist market economic system and will actively participate in the revision of the "outline on a comprehensive plan." Meanwhile, they should draft and implement comprehensive supporting reform programs for their own localities and departments based on local practical conditions. They should pay special attention to and seriously analyze the prominent problems in current development and reform, study options, suggest reformist measures aimed at specific targets, and make policy proposals. The more we emphasize a faster pace for reform to expedite changes in economic mechanisms, the more scientific and meticulous we should be in our study and planning. The more thoroughly we research the market economy, the bolder we will become. Only then will the pace of reform be fast as well as stable.

Li Tieying urged raising the work of the economy restructuring sector to a new level, saying that the current reform situation is good and we are blessed with

a rare opportunity and must adapt to the new situation and pursue reform and opening up. He made the following demands:

First, strengthen study and further emancipate minds. Comrades at the economic restructuring departments must study well the theory of building socialism with Chinese characteristics, emancipate minds, extend their horizons, and learn and study intensively the new and the unfamiliar about the market economy to grasp the regularities of its development.

Second, we must change the way we work. To adjust to the current situation and missions, departments for restructuring the economy at all levels must, while pursuing reforms, do a good job of self-reform. They must stop being divorced from reality, overcome empty talk, and snap out of their lethargic mood and develop a style that is typified by genuine efforts, duty, pragmatism, and bold exploration. The first thing is to attend to significant events, getting down to the overall coordination, design, and study of a comprehensive reform program. The second thing is to strengthen study options for hot issues and prominent issues concerning reform and development. The party group of the Commission for Restructuring the Economy believes that we not only should attend to the design of the comprehensive reform program, but must also produce, in cooperation with the departments concerned, coordinated reform ordinances or suggest some standardized procedures for some of the hot issues and significant problems that have occurred in reform. "Ordinances for Transforming the Operating Mechanisms of Manufacturing Enterprises Wholly Owned by the People," drafted last year by the Commission for Restructuring the Economy by way of setting an example, was a good try. Do a good job in trial projects and foundation laying work. Localities and departments must strengthen communications and report promptly significant information to the Commission for Restructuring the Economy, which in its turn will convey to them the spirit of the central authorities and the latest developments in various areas.

Third, we must strengthen the contingent for the work of restructuring the economy and improve the cadres involved in the job. Only a very capable work force for restructuring the economy can deal with the heavy work loads. Committees for restructuring the economy are like a big school, a place to train people and deliver them to where they are needed. Li Tieying said that a department with future naturally attracts talent and will definitely gain status, importance and people's respect. Committees for restructuring the economy at all levels must have a reformist spirit and create a cohesive and dynamic environment capable of attracting and training talent and turning out more useful talent for the great cause of reform.

Fourth, governments at all levels must value and strengthen their leadership over departments restructuring the economy. Strengthening leadership means

exercising leadership more often, exerting greater pressure, and making more demands, while showing concern and supporting the building of the contingent for the work of restructuring the economy. Comrades with restructuring departments at all levels must work hard and be good advisers and assistants. Only then can they win the trust and support of party and government leadership at all levels and play their own role more effectively.

Lastly, Li Tieying stressed that comrades at departments for restructuring the economy at all levels have done a great deal to promote reform for many years. Their achievements are notable. There will still be fluctuations and difficulties in reforms in the future, which will require us to keep exploring and innovating. The creation of a socialist market economic system is a great and unprecedented act in human history. We must continue to invigorate ourselves, give play to the enterprising spirit of arduous struggle advocated by Comrade Jiang Zemin, and stand bravely at the forefront of the times and tide of reform. We will get a clear picture of the situation, seize the opportunity, and persist in working hard and unrelentingly to make our share of contributions toward building a socialist market economic system under the leadership of the Central Committee and State Council.

State Move To Strengthen Central Bank Supported

HK1407033093 Beijing CHINA DAILY in English 14 Jul 93 p 4

[Article from the "Opinion" page by Chen Xiao: "State Acts To Strengthen the Role of Central Bank"]

[Text] Vice-Premier Zhu Rongji has moved quickly to stem inflation since his appointment as governor of the People's Bank of China—the nation's central bank—on July 2.

He unveiled a package of measures for immediate action to strengthen macro-economic control at a national banking conference last week.

Beginning last Sunday, the central bank announced that interest rate for savings had been raised an average 1.72 percentage points to protect depositors against inflation. The bank last increased interest on savings accounts in mid-May.

The interest rate for loans has been increased by an average 1.38 percentage points.

This first plank of Zhu's macro-control package is simply to tighten the money supply through economic leverage of adjusting interest rates.

Meanwhile, Zhu has ordered a halt to interbank lending that violates State regulations and is recalling such outstanding loans.

As such, it is well received by economists and government officials, who have been advocating this approach to control hefty investment at least since the beginning of the year.

The State Council decided last Saturday to send 10 teams to local provinces to oversee the full implementation of the package.

This decision, which is administrative in nature, was necessary to supplement the enforcement of macro-economic controls by the central government at a time when economic legislation and the rule of law are not yet fully in place.

Because the Chinese economy is in a transitional stage, remnants of the former command economy still hold some sway along with the operation of market mechanisms.

The central government has advocated an annual growth rate of about 10 percent, but the provinces tend to vie against one another to achieve even higher rates of development.

One result is too much investment in fixed assets. The shortage of capital resources pushes banks and other financial institutions to attract deposits and securities investments by offering ever higher interest rates without regard to the rates set for Treasury Bonds and interest rates offered by the central bank.

Another difficulty is the diversion of investment funds from agriculture and major infrastructure projects to more lucrative real estate development.

These factors have contributed to what the central government describes as disorder in the financial sector, which breeds corruption at the same time.

Moreover, there has been too much interbank lending to raise funds for real-estate development and non-essential projects, and provincial banks were involved in interbank lending because the practice was lucrative and because they were encouraged to do so by some local authorities.

For this reason, the central government must play a stronger role in the financial sector.

However, Zhu's package is not a comprehensive austerity programme like the autumn 1988 belt tightening.

The top leadership in the Party and the government has clearly stated that China must not lose this last 20th century opportunity for economic takeoff.

Previously, some Chinese blamed an overheated, inflationary economy on economic reforms they said were implemented too fast. But this time the problem has been seen as insufficient implementation of reforms.

Measures are being taken to control the money supply while already-planned reforms and major infrastructure projects are going ahead as scheduled to ensure a fast, sustainable growth.

It is elated that the reform of the banking sector has been emphasized in Zhu's package. [sentence as published]

The vice-premier said that the goal of reform is to establish a central bank system under which the central bank can carry out a unified monetary policy to balance demand and supply and stabilize the country's currency. Zhu's reform package would establish State policy banks, which economists say would be a key step in converting specialized banks into commercial ones.

This is the first time for China's senior leader to pencil the banking reform in such great details.

Financial Official Reports on State Bond Sale

HK1407030093 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 14 Jul 93 p 1

[Report by Geoffrey Crothall in Beijing]

[Text] Less than two-thirds of this year's 30 billion yuan (about HK\$40.47 billion at the official rate) issue of treasury bonds have been sold despite a massive government campaign to force state-run enterprises to buy them, according to an official at the Ministry of Finance.

The Government had ordered that all treasury bonds be taken up by tomorrow, but the official from the ministry's internal debt department said that so far less than 20 billion yuan worth had been bought.

Several enterprises and government departments had pledged to buy the bonds by the July 15 deadline, but the official, who requested anonymity, said it was unclear if they could make up the shortfall in time.

"To be honest, nobody knows if they will come up with the money, but personally I have my doubts," he said.

Many independent analysts agreed, saying state-run enterprises did not have the cash to pay for their quota of bonds. "A lot of enterprises have been badly affected by the Government's credit squeeze and don't have the necessary revenue to pay for treasury bonds," a Beijing-based economist said.

"Others have put their money into high-interest corporate bonds and are reluctant to give those up in return for low-interest government bonds which can't easily be shifted on the secondary market," he said.

About the only way enterprises could fulfil their quota, the economist said, was by taking the money out of their wage bills and providing workers with bonds instead of their regular pay.

"This has been done regularly in the past but now I think there is a much greater danger of popular discontent as a

result, so enterprises will be a little bit more careful about taking this approach again this year," he said.

Failure by the Government to collect the outstanding 10 billion yuan during the next two days could be a major blow to the political fortunes of Executive Vice-Premier Zhu Rongji, who has thrown his weight behind the drive to enforce the sale of treasury bonds.

"Mr Zhu and his new economic team have tried everything they can think of to sell off these bonds, but it appears they have not been successful," a political analyst in Beijing said.

"This could be a serious set-back for Zhu Rongji. People are blatantly disobeying his orders and that is not going to be good for his reputation as a tough leader and economic policy-maker," he added. A shortfall in sales would represent the second time this year the Government had failed to meet its own deadline.

The original deadline for bond sales was April 30 but by that time only four billion yuan worth of bonds had been sold.

The five- and three-year treasury bonds carrying coupons of 11 percent and 10 percent, respectively, could not compete against privately issued high-interest debentures or stocks on the Shanghai and Shenzhen securities exchanges, let alone the high-flying counters on the legal person share market.

Commentator Urges Bond Purchases, Cautions on Stocks

HK1407040093 Beijing RENMIN RIBAO in Chinese 11 Jul 93 p 1

[Commentator's Article: "Enthusiastically Deposit Money in Banks, Invest Cautiously"]

[Text] Comprehensive economic and social development and the normal operation of economic life call for a constant supply of money. People's enthusiastic and active participation in monetary activities in various categories is the inexhaustible fountainhead and powerful backup for the supply of funds.

Based on our past experiences and our understanding today, the issue of how individual citizen and family should participate correctly in social monetary activities can be summarized by the following statement: Enthusiastically deposit money in banks, invest cautiously.

Savings deposits have always occupied a very important place in the state's financial activities. Some 70 percent of the funds needed for economic development in China depend on bank credit funds, 50 percent of which originate from savings deposits. The Chinese people practice economy and diligence, and have always had the habit of depositing their money in the bank. Starting from China's national conditions, indirect funds formation derived from bank savings deposits will remain the main channel of social funds formation in the future,

while various forms of direct funds formation are complementary. This is the case in China as well as in many countries. Relying on indirect funds formation by banks, funds to purchase farm produce and down payments for grain and cotton orders will be insured, enterprises' operating funds, as well as funds for technological transformation, will be provided for, and funds for key national projects will also be raised. In all sorts of fund-formation activities, bank credit funds derived from absorbing savings deposits enjoy low costs, are conducive to lowering product costs, and eventually benefit the people. This being the case, when the broad masses enthusiastically deposit their money in banks, it is precisely a practical action which supports national construction and keeps the overall situation in view.

Depositing money in the bank is beneficial to the state and the people as well. Based on economic operating conditions, the state will readjust interest rates for savings deposits in a timely fashion, and one important reason is to insure that depositors' interests are not jeopardized. Historical experience testifies that under conditions where certain changes have taken place, the state is highly responsible for depositors' interests. Savings deposits are "fixed debts" of national banks and financial organizations, and their repayment in principal and interest is insured as soon as they are due; this being the case, the risk is insignificant.

Since reform and opening up, investment channels are pluralistic, with varied means of funds formation; aside from treasury bonds issued by the state and state bonds for the construction of key projects, localities and enterprises have also issued some local construction and enterprise bonds in addition to shares issued within enterprises and listed shares. That is a manifestation of finance being gradually invigorated in the course of reform, and the mass interest in participating in different types of investment activity is just normal. However, because of the different degrees of credit of the various categories of shares and bonds, some involve risks, and the degree of risk is different.

Treasury bonds are guaranteed by the state's reputation and finances and are regarded as "gilt-edged." Returns on this investment may not be the highest of all the types of bonds, but their circulation and safety are the best and they are basically free of risk. Furthermore, treasury bonds are placed under the state's direct regulation and funds collected are put into those projects which are needed most by the state; hence, the best social benefits. Enthusiastic purchases of treasury bonds should be the first investment choice of citizens.

Bonds issued by enterprises with the approval of the relevant departments are conducive to widening channels for funds formation; naturally, the masses can purchase bonds in this category. However, viewing present conditions, investment laws and regulations are incomplete and imperfect in China and social fund raising behavior is far from being standardized, enterprise operational mechanisms are still in the course of

conversion, and self-development and self-restriction mechanisms have not fully taken shape; consequently, a small number of lawbreakers have taken advantage of loopholes to engage in speculation and fraud. There are differences in the credit worthiness of various categories of enterprise bonds; thus, differences in the degree of investment risks are great. When the broad masses purchase bonds, they must weigh the pros and cons, be very cautious in making investment, and have a very clear picture of the following issues: Has the issuance of those bonds been approved by the organization in charge of securities? Have they been evaluated by a legitimate credit-assessment body regarding their credit rating? Do they have a reliable guarantee? What is the proportion between the volume of bonds issued and net assets? What are the conditions of operation? In what area will funds raised be used? What about the expected returns of the investment? One should not decide to invest in certain bonds before one has acquired a clear picture of the aforesaid conditions. There is nothing strange in investors hoping for higher interest rates on bonds; however, the realization of a bond interests is independent of anyone's subjective will. The profit and tax rate for funds is only 13.47 percent in China today, and the net interest rate is not high with tax deducted. In considering bond interests, investors should be as realistic as possible.

Of the various investment actions, purchases of stocks involve the greatest risk. As soon as stocks are purchased, they cannot be retrieved. The rise or fall of a stock's value depends on four factors: first, an enterprise's profits; second, changes in its assets; third, conditions of supply and demand on the stock market; and fourth, bank interest rates on savings deposits. A stock's value changes along with changes in these factors. This being the case, returns are not guaranteed, and sometimes they run very great risks. A share buyer must have a clear picture of a series of conditions, such as an enterprise's net asset value and production conditions before he invests; furthermore, as soon as an investment is made, he must constantly observe the trends, which can be quite taxing on the mind. As for purchasing enterprise shares issued internally only, serious consideration should also be made regarding a series of questions: Has the enterprise gone through a genuine transformation of its shareholding system? Has it converted its operational mechanism? Has it been through a strict asset evaluation, financial accounting, and auditing? Has it a correct investment orientation? Otherwise, should anything happen, its workers and staff will have to take the double risk of their jobs as well as their monetary assets. This being the case, they must be very cautious about buying stocks.

'Roundup' on Improving Economic Contract Law
HK1407105993 Beijing ZHONGGUO XINWEN SHE
in Chinese 1224 GMT 25 Jun 93

["Roundup" by reporter Chen Jian (7115 1696)]

[Text] Beijing, 25 Jun (ZHONGGUO XINWEN SHE)—The latest information indicates that contracts worth 300 to 400 billion yuan remain unimplemented in China each year. Including the factor of capital turnover, the amount is even bigger. Some have become bad or uncollectible accounts due to long default of payments.

This information, released by the Second Session of the National People's Congress [NPC], suggests that the Chinese economic contract law system still remains imperfect.

When examining the revision draft of the economic contract law today, Tong Zhiguang, former deputy minister of foreign economic relations and trade and member of the Eighth NPC Standing Committee, said: "In the course of establishing the market economy, we particularly need a rigorous contract law which can standardize economic activities."

The existing Chinese Economic Contract Law was implemented in July 1982. In the last 10-odd years, proceeding from this law, the State Council has promulgated 13 administrative laws and regulations including economic contract arbitration and debt contract regulations; the relevant State Council departments and local governments have also formulated more than 100 rules and regulations in coordination with these.

However, because some provisions in the economic contract law are not rigorous, management over economic contracts is not strict enough, and some enterprises have a weak concept about law, cases have increased in which some law breakers use economic contracts to carry out illegal activities to cheat people out of their money.

An example is the Yueyang area, Hunan Province. From January to April this year, more than 400 cases of using economic contracts for deception, causing economic losses of 20 million yuan, were discovered.

Tong Zhiguang pointed out: The existing economic contract law provides that if one side fails to pay, the other side cannot unilaterally stop the delivery of goods to counteract the loss; or if one side fails to deliver the goods, the other side cannot unilaterally stop payment for the goods. Untrustworthy units or individuals are apt to take advantage of this loophole in this loose provision.

The revision draft of the economic contract law provides new stipulations on the scope of its application and on the judgment system concerning disputes over economic contracts.

But even if the law is being revised on the main problems emerging in the course of law enforcement, so that the economic contract law system will become more rigorous and more complete in a short time, the weak mentality about law of the parties involved in economic contracts still affects the dignity of law.

A sample survey on 32,600 enterprises in China indicated that 1.96 million contracts were not implemented; of these contracts, only one-fifth were resolved through lawsuits and arbitration.

Therefore to really manifest the complete system of a Chinese economic contract law, there is a need to carry out propagation in different social circles on observing law, on protecting one's own legitimate rights and interests by arbitration and judicial means, and on establishing the dignity of law. But this will take a long time to accomplish.

Commerce Official Urges Banning Sales Promotions

HK0807041693 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 5 Jul 93

[Text] Liu Minxue, director of the State Administration for Industry and Commerce, said recently: More and more businessmen in our country are promoting goods for sale by offering commission to salesmen and by raffling off goods, and the value of the prizes is becoming increasingly large. These means are being used to promote the sale of genuine commodities as well as illicit fake goods, and this does great damage to the concept of fair competition and corrupts social values. He stressed: We must lay down clear rules to ban the practice of selling goods by offering prizes.

Forum on Changing Enterprise Mechanisms Held

HK1207153093 Beijing XINHUA Domestic Service in Chinese 0152 GMT 7 Jul 93

[By RENMIN RIBAO reporter Lu Mu (7627 3668) and XINHUA reporter Xu Yaozhong (1776 5069 0022): "Probe Deep-Seated Problems, Speed Up Pace of Changing Way Enterprises Operate"]

[Text] Beijing, 7 Jul (XINHUA)—In the last two days ago, representatives of the seminar on changing the way enterprises operate held thorough discussions about the main problems occurring in the course of changing the way enterprises operate, about the tendency of development in the forms of management of various assets, and about the enterprise system compatible with the development of a socialist market economy. They hope that the discussions about those deep-seated problems and the consensus reached will help implement the "Regulations on Changing the Way State-Owned Industrial Enterprises Operate" and contribute to changing the way enterprises operate.

The seminar on changing the way enterprises operate, which was held in Beijing 5-6 July, was jointly sponsored by the State Committee for Economy and Trade, the China Enterprise Management Association, and the China Industrial Economy Society. A total of 100 persons attended the seminar, including responsible members of 28 enterprises, 18 provincial and city economic

commissions, the State Commission for Restructuring Economy, and the Finance Ministry, and experts and scholars.

Wang Zhongyu, director of the State Committee for Economy and Trade, said in his speech: The current seminar was held on the eve of the first anniversary of the promulgation of the "Regulations on Changing the Way State-Owned Industrial Enterprises Operate," so it is of great importance. The campaign to carry out the "Regulations" and to change the way enterprises operate is healthy and the tendency is good. The campaign has yielded marked results in some areas. But we came across a number of new problems in the process. For instance, how will the government further change its functions? How will we set up a market system and a social security system at a faster pace? How will we straighten out the relations between management and ownership of enterprises? How will we really lighten enterprise burdens? How will we push forward mutually supportive reforms? And how will we set up a modern enterprise system?

He hoped the participants would hold thorough discussions about these problems and make practical suggestions to deepen enterprise reform.

Based on his thorough investigation and studies conducted in the previous period, Lu Dong, president of the China Industrial Economy Society, raised four opinions on deepening enterprise reform. First, enterprise reform must be market-oriented; second, to deepen enterprise reform, it is necessary to straighten out relations between management and ownership of enterprises; third, to reinvigorate state-owned enterprises, we must create conditions for them to compete on an equal footing; and, fourth, to run enterprises well, the state and enterprises must work together to create a motive force driving enterprises to compete in the market.

Yuan Baohua, president of the China Enterprise Management Association, first reaffirmed the remarkable progress made in enterprise reform. He then said: There are three main problems hindering deepened enterprise reform. The government is slow in changing its functions, thus making it difficult to grant enterprises autonomy; powers that had been assigned to enterprises were held up or taken back, thus depriving enterprises of their legal status; and different policies toward enterprises under different types of ownership serve to sap the vitality of state-owned enterprises and create unfair income distribution in society, thus dampening enthusiasm of enterprise workers and making it difficult to keep a sufficient number of people working in industrial enterprises.

Yuan Baohua continued: Setting up a socialist market economy is a colossal task. To deepen enterprise reform, we must: First, firmly carry out the "Regulations"; second, work out effective measures to straighten out relations between management and ownership of enterprises; and third, reform enterprise internal management

systems including its internal operational mechanism while reforming its external [as received] management system.

Chen Qingtai, deputy director of the State Committee for Economy and Trade, made a special speech on how the "Regulations" had been put into effect throughout the country. After giving a detailed account of the marked headway made in carrying out the "Regulations," he pointed out the following three main difficulties in carrying out the "Regulations": The people concerned failed to acquire an adequate understanding of the role and significance of the "Regulations" as well as a comprehensive and accurate understanding of them; the government failed to keep pace with the situation in changing its functions; and mutually supportive reforms failed to proceed in tandem.

Chen Qingtai said: To further implement the "Regulations," first, enterprises must work hard to tap their internal potential and change their mechanisms, taking full advantage of the conditions created by the "Regulations," and second, the government must, through implementing the "Regulations," change its functions and delegate powers to make management decisions to enterprises. Chen Qingtai maintained: The "Regulations" can only create favorable internal conditions and a favorable external environment for changing the way enterprises operate, what is vital to the change is enterprises' own efforts. The practice of looking to higher authorities for help and attempting nothing is incorrect. Again, we must give different guidance to suit different conditions, adopting a specific policy toward a specific factory. We must push state-owned enterprises, large and medium ones in particular, into the market one by one in the next three to five years.

Zhang Yanning, executive vice president of the China Enterprise Management Association, said: In more than 10 years of reform and opening up, we have made many major achievements in enterprise reform. These achievements should be affirmed and be made a basis for deepening enterprise reform in the future. At present, the key to pushing forward enterprise reform is to put the "Regulations" into effect. We must work against time. In the face of the development of "foreign-funded" and rural enterprises and of the competition to be brought about by China's "reentry into GATT," if state-owned enterprises fail to change the way they operate, they will be thrown into passivity.

Zhang Yanning stressed: To change the way enterprises operate, we must thoroughly separate the functions of the government from those of the enterprise. He also came up with specific measures to achieve this.

At the two-day-long meeting, a total of 26 representatives from various localities and relevant departments took the floor. Many representatives stressed the need to fulfill the following tasks in speeches made from their positions.

1. Firmly carry out the "Regulations." We have made great achievements in carrying out the "Regulations" over the last year and are now entering a crucial phase. If we refuse to move forward, we will fall behind. At present, we must implement them in a "down-to-earth" manner, pressing ahead in the face of difficulties.

2. Help enterprises solve specific problems while carrying out the "Regulations." Enterprises are troubled by many specific problems occurring in the course of changing the way they operate. For example, many are weighed down by excessive burdens. We should help them solve such problems.

3. Raise the awareness of the need to abide by laws. Changing the way enterprises operate is a matter related to strict enforcement of relevant laws and regulations, so it is necessary to strengthen supervision over enforcement of laws and regulations. Only in this way can we ensure that the "Regulations" will be carried out and the way enterprises operate will be changed.

The participants also carried out analysis of and held thorough discussions about the deep-seated problems arising from changing the way state-owned enterprises operate and came up with practical measures.

Government Findings on Enterprise Autonomy

OW1307155393 Beijing XINHUA Domestic Service in Chinese 0429 GMT 21 Jun 93

[By reporter Chen Yi (7115 5669)]

[Text] Beijing, 21 Jun (XINHUA)—The State Council's fact-finding groups tasked with assessing progress in enforcing the "Regulations on the Change of Operating Mechanisms in State-Owned Industrial Enterprises" recently summarized and exchanged their findings in Beijing. The six fact-finding groups made the following basic assessments of the general situation: Implementation of the "Regulations" is proceeding at full tilt in all localities. Sound progress in this respect has signalled a good start, leading to preliminary success and causing a gradual deepening of enterprise reform. Nevertheless, quite a few autonomous rights that fall under the 14 categories of autonomy to which enterprises are entitled under the "Regulations" have not been thoroughly delegated. Substantial resistance and problems exist in changing enterprises' operating mechanisms.

In early May this year, the State Economics and Trade Commission, the State Economic Restructuring Commission, the State Council's Bureau of Legislative Affairs, and the Ministry of Supervision jointly formed six fact-finding groups. After hearing briefings by the State Planning Commission, the Ministry of Finance, the People's Bank of China, the Ministry of Labor, the Ministry of Personnel, the Ministry of Metallurgical Industry, the Ministry of Railways, and five other departments on progress in implementing the "regulations," these groups traveled to Heilongjiang, Liaoning, Shanxi, Hebei, Henan, Guangdong, Shandong, Zhejiang,

Sichuan, Yunnan, Gansu, and Shaanxi Provinces for a tour that lasted more than 15 days to assess progress in enforcing the "Regulations." After being briefed on progress in the 12 provinces and in 32 cities and prefectures there, they held discussions with over 200 provincial- and city-level departments, conducted field investigations in 64 enterprises, and held discussions with responsible individuals from 233 enterprises.

According to the assessment by the fact-finding groups, all localities and departments have earnestly devoted substantial efforts to implementing the "Regulations." The general trend of development is favorable. After the State Council's national conference on changing the operating mechanisms of enterprises last August, leaders in all localities and departments devoted serious attention to relevant work and waged extensive and deep study and publicity activities. By the end of this March, "Implementation Measures" had been introduced in all 30 provinces, autonomous regions, and municipalities. Based on local realities, the "Implementation Measures" of many provinces and municipalities prescribe more policies and steps than specified in the "regulations" for granting enterprises greater autonomy and for improving large and medium-sized state-owned enterprises. Thus far, State Council departments in charge of relevant business sectors have introduced eight sets of "implementation measures," and 13 more sets are being signed upon verification or are being reviewed. Twenty-eight ancillary provisions to the "Regulations" have been promulgated, and five have been signed upon verification.

An analysis of the findings obtained by the fact-finding groups in 15 provinces, autonomous regions, and municipalities—including the provinces to which they had traveled, as well as Jilin, Beijing, and Inner Mongolia—shows that eight of the 14 types of autonomous powers to which enterprises are entitled under the "Regulations" have been basically delegated, while four have been partially granted. Authorities have yet to grant enterprises basic autonomy in exports and imports and in declining to share in financial costs. Authorities in these provinces, autonomous regions, and municipalities unanimously identified autonomy in declining to share in financial costs as the most difficult to delegate.

Promulgation and implementation of the "Regulations" have advanced the experimental transformation of operating mechanisms in enterprises, further expanding the number of enterprises carrying out the experiment. Statistics from 17 provinces, autonomous regions, and municipalities show that the number of various enterprises carrying out the experiment currently totals 9,812. Experiments carried out at selected places in various localities have come in all forms, including those aimed at refining the contract system and at experimentally implementing the shareholding system, the system of separating taxes from profits, the operational and leasing system patterned after partially or wholly foreign-owned enterprises, and the practice of instituting two systems in

one factory. These experiments have yielded initial success. Some localities have intensified efforts to advance the process of restructuring enterprises. Since the "regulations" were promulgated, authorities in Heilongjiang Province have amalgamated or merged 103 enterprises, thus effecting a rational flow of 120 million yuan worth of reserve assets and more than 6,300 workers and staff members. They have also partially or completely closed down 68 enterprises and declared 18 state-owned enterprises bankrupt.

The fact-finding groups, however, averred: Currently, considerable resistance and problems exist in implementing the "Regulations" and in changing the operating mechanisms of enterprises. Specifically, certain deep-seated problems have begun to surface gradually, impeding and obstructing efforts to further implement the "Regulations." These are the main problems: A few localities have failed to focus on implementing the "regulations" and on changing the operating mechanisms of enterprises, devoting their main energies to setting up nonessential establishments, pursuing stock trade, establishing development zones, and recklessly increasing growth rates. Some enterprises have a weak sense of urgency about transforming enterprises' operating mechanisms, while a considerable number of enterprises do not know how to exercise power or dare not wield power after they have gained it. Limited progress has been made in restructuring government organizations, and the process of changing government functions has moved slowly. Some rights which should have been given to enterprises are still being "passed along" from the central to local authorities. Some departments have failed to actually delegate power despite their promises to do so, have ostensibly relegated power while secretly retaining it, or have granted power in insignificant areas but not in important areas. The process of changing government functions has been distorted, with some functional departments establishing operational entities, ostensibly to serve enterprises, but actually to monopolize operations and to increase enterprises' burdens through the arbitrary collection of fees. Government departments still follow elaborate procedures in attending to official matters. In some localities, enterprises have to send personnel to 40 to 60 government departments to obtain dozens upon dozens of cachets and have to pay sizable sums of procedural fees if they want to retain a portion of funds to be used in technical transformation. Enterprise reform has failed to keep pace and dovetail with planning, financial, banking, labor, personnel, and foreign trade reforms. The social security network and the market system have yet to be refined and improved. State-owned enterprises are weighed down by heavy burdens, and they lack potential for sustained growth. The rights of management and ownership are not clearly differentiated in state-owned enterprises, whose responsibilities have yet to be clearly defined. Incomplete laws and regulations, lax law enforcement efforts, and inadequate funds and railway

transport facilities currently plaguing economic operations have produced adverse effects on changing the operating mechanisms of enterprises.

To solve the above-mentioned problems, the fact-finding groups proposed: We are in a crucial stage of implementing the "Regulations," where we will move backward if we do not advance. We should build up confidence, forge ahead in spite of difficulties, and resolutely implement the "Regulations" to the letter. The six fact-finding groups unanimously maintained: The overriding task of the moment is to speed up the transformation of government functions, to conduct a careful review of existing government functions in managing the economy in accordance with the principle of separating government functions from those of enterprises and management, and to firmly relegate power to enterprises that are entitled to receive it. Meanwhile, government departments should manage affairs over which they should assert their authority in an effort to create an external environment that is favorable to changing enterprise mechanisms.

During the summing-up meeting of the fact-finding groups, the vice minister of the State Economics and Trade Commission, Chen Qingtai [7115 3237 3141], said: All reforms currently being carried out to improve state-owned enterprises revolve around the "regulations," whose basic idea is to change government functions and enterprise mechanisms as a way of leading enterprises into the market. These are fairly strong administrative statutes enacted in recent years. Therefore, we should fully understand the role of the "Regulations" and implement them more enthusiastically.

State Economic Restructuring Commission Vice Minister Hong Hu said: The next step is to closely integrate implementation of the "Regulations" with the goals of developing a socialist market economy and instituting a new enterprise system.

Chemical Industry Minister on Serving Enterprises

*HK1407125193 Beijing ZHONGGUO XINWEN SHE
in Chinese 1001 GMT 25 Jun 93*

[By reporter Geng Jun (5105 6511)]

[Text] Beijing, 25 Jun (ZHONGGUO XINWEN SHE)—In discussing changing functions of government organs today, Gu Xiulian, minister of chemical industry of China, said that the personnel of central ministries and commissions should step out of Beijing to serve production of enterprises on the first line and should, by means of this, make policy decisions more scientific and accurate.

Gu Xiulian put forth the above view at a news conference for Chinese and foreign reporters at the Information Office of the State Council when she answered reporters' questions on reform of government organs.

Gu Xiulian said that to implement the plan for reforming government organs adopted at the First Session of the Eighth National People's Congress, the Ministry of Chemical Industry must reduce its staff by 40 percent and must change from administration of the past to business management. To provide information service for the entire chemical industry, the Ministry of Chemical Industry has set up the China Chemical Industry Information Center.

Gu Xiulian said that in the past, all provinces and municipalities set up offices in Beijing. She thinks that when state organs have already delegated enterprises to lower levels, central ministries and commissions should set up offices at various provinces and municipalities in order to study on-the-spot problems of enterprises on the first line and to serve the enterprises better. This move will be helpful for scientifically and accurately making policy decisions according to actual conditions.

According to Gu Xiulian, the Ministry of Chemical Industry has set up offices in Shanghai's Pudong and Fujian's Xiamen and a joint corporation in Sichuan's Chengdu to serve chemical enterprises of provinces in the southwest.

Gu Xiulian said that to enhance cadre awareness of the market economy, the Ministry of Chemical Industry also sends cadres to receive training abroad in a planned way. At present, cadres of large enterprises and cadres at the bureau and department levels have been sent to receive training in the United States, Canada, Japan, and Hong Kong. Those who have returned from such training have made achievements in their work.

State on 'Drive' To Improve Railway Construction

OW1407053793 Beijing XINHUA in English 0226
GMT 14 Jul 93

[Text] Beijing, July 14 (XINHUA)—China has spent 7.912 billion yuan (about 1.3 billion U.S. dollars) on its 553 railway projects in the first six months of this year, 5.93 billion yuan (over 1 billion U.S. dollars) more than in the same period last year.

Since the beginning of this year, China has been on a railway construction drive in a bid to improve its transport conditions.

Between January and June, the country laid 449.7 kilometers of new railway lines, including 286.7 kilometers of double lines, according to the construction department of the Ministry of Railways.

The Beijing-Kowloon Railway, the biggest such project in China, is now under full construction, some sections of which are approaching the halfway mark in construction.

Other key projects including the Baoji-Zhongwei Line, a railway bridge across the Yellow River, Fengjiashan Tunnel, and Lanzhou-Xinjiang connections are all making construction headway.

According to an official of the Ministry of Railways, this year's railway construction is big in investment with more new lines on hand.

The country plans to invest 16.9 billion yuan (2.8 billion U.S. dollars) in 53 big and medium-sized projects this year.

The Beijing-Kowloon Railway is expected to require a total investment of 5 billion yuan (about 830 million U.S. dollars) this year.

More than 2,000 kilometers of rail tracks are planned to be laid this year.

71 Million Tons of Oil 'Turned Out' in 1st Half

OW1307024793 Beijing XINHUA in English 0228
GMT 13 Jul 93

[Text] Beijing, July 13 (XINHUA)—China turned out a total of 71.17 million tons of crude oil in the first six months of this year, overfulfilling state quotas, but still inadequate to meet growing domestic demand.

According to latest statistics from the China National Oil and Gas Corporation, China now has over 30 onshore and offshore oil and natural gas fields in operation.

During the January-June period, China's onshore oil fields, the mainstay of the country's oil industry, produced 68.96 million tons of crude oil and 7.6 billion cubic meters of natural gas.

Statistics show the burgeoning offshore oil sector has entered a stage of mass production. Eight offshore oil fields gushed out 2.24 million tons of crude oil in the first half of this year.

Despite the surge in crude oil production, China still finds itself hard to meet growing domestic demands resulting from a booming economy, an official from the oil industry said.

China's crude oil export has witnessed a fall since the beginning of this year, while imports have climbed up.

Jan-Jun Nonferrous Metal Production Increases

OW1207135393 Beijing XINHUA in English 1302
GMT 12 Jul 93

[Text] Beijing, July 12 (XINHUA)—China produced 1.5 million tons of non-ferrous metals in the first half of the year, up 8.5 percent over the same period of last year.

Of the ten types of non-ferrous metals, the production of tin, aluminum, titanium and mercury saw the biggest increases.

The sales volume of non-ferrous metals from January to June reached 16.9 billion yuan (about 2.96 billion U.S. dollars), increasing by 24 percent, and pre-tax profits reached 2.06 billion yuan.

The price of non-ferrous metals in China is no longer controlled by the government, and many products are traded on exchanges.

Article Views Port Construction Program

HK1407063093 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 24, 14 Jun 93 pp 3-4

[Article by Cong Wenzi (0654 2429 3320): "Rapid Development and the Grand Program for the Construction of Sea Ports in China"]

[Text] China is a large country; the mainland coastline stretches for over 18,000 km and its islands' coastlines total 14,000 km or more. It has 11 provinces, cities, and autonomous regions scattered along the coast. They account for 14.3 percent of China's total area and represent 40 percent of China's total population. Their total industrial and agricultural output value account for 53 percent of China's total. More than 90 percent of China's foreign trade materials are transported out of China by sea. Therefore, sea transportation has great significance for the exchange of materials and energy transportation between northern and southern China and to promoting the development of foreign trade. Therefore, constructing ports by relying on the good natural conditions and economic environment and by seizing the very good opportunity afforded by reform and opening up has become an important strategic point for China's economic development in this century.

A Good Foundation for Development

With the construction of the past four decades—and more, in some cases—China's coastal ports have been developing rapidly. They now have over 300 10,000-tonne deep-water berths which have an annual handling capacity of 550 million tonnes. China has constructed eight new deep-water ports, including Zhanjiang, Zhangjiagang, Shijiu, Shenzhen, and Yangpu, and has opened up 20 deep-water harbor areas, including Dandong, Dalian, Yingkou, Qinhuangdao, Yantai, Qingdao, Nanjing, Shanghai, Xiamen, Guangzhou, and Haikou. The number of ports possessing deep-water berths has increased from four in the early 1950's to over 20, and nine of these ports have an annual handling capacity of over 10 million tonnes each.

All major cities and special economic zones in open coastal areas have a certain number of harbors and deep-water berths. The harbor layout is basically satisfactory, and a number of berths have been custom-built for special uses. These harbors have gone beyond merely loading and unloading cargo to perform a variety of functions, thus laying a solid foundation for their future development.

A Grand Development Plan

According to the overall plan for China's national economic and social development, ports will develop substantially in the future. Beginning in the 1990's, China

began to concentrate on the construction of 19 key harbors: Dalian, Yingkou, Qinhuangdao, Tianjin, Yantai, Qingdao, Shijiu, Lianyungang, Shanghai, Ningbo, Fuzhou, Wenzhou, Xiamen, Shantou, Guangzhou, Shenzhen, Zhanjiang, Fangcheng, and Hainan. China is paying special attention to developing the four deep-water international transshipment ports of Dalian's Dayaowan, Ningbo's Beilun, Fujian's Meizhouwan, and Shenzhen's Dapengwan and to building eight major systems for the transportation of coal, petroleum, ores, timber, grain, containers, roll-on-roll-off cargo, and passengers on the major sea passages between northern and southern China. China will spend 30 years increasing the number of berths in its coastal harbor wharfs to 2,000, of which 1,200 will be 10,000-tonne deep-water berths, so as to basically meet the need of economic development. In keeping with their regional characteristics and pattern of distribution, the 18,000 km of mainland coastline plus the major islands are divided into 10 areas for planning and layout:

1. The northeast coast: Starts from the mouth of the Yalu River in the east to Shanhaiguan in the west, forming a transportation system with the ports of Dalian and Yingkou as the center, Dandong and Jingzhou ports as the two flanks, and medium and small ports as supplements.
2. The northern coast: Starts from Shanhaiguan in the north to Hebei's Dakouhe coast in the southeast. The primary task is to construct the two key ports of Qinhuangdao and Tianjin. The secondary task is to construct the ports of Tangshan and Huanghua to meet the needs of transporting coal out of Shanxi Province and of transporting domestic and foreign trade commodities in northern China.
3. The coast of Shandong: The primary task is to construct the three key ports of Qingdao, Yantai, and Shijiu. Medium and small ports, such as Longkou, Weihai, and Penglai, will also be developed to fulfill the requirements of energy resources transportation and Shandong's opening up.
4. The coast of Jiangsu, Zhejiang, and Shanghai: The primary task is to construct the four key ports of Shanghai, Lianyungang, Ningbo, and Wenzhou. The secondary task is to develop the international deep-water transshipment harbor area at Beilun and construct medium and small ports such as Nanjing and Zhangjiagang so that they can be conducive to local and mainland domestic and foreign trade.
5. The coast of Fujian: The primary task is to construct the two key ports of Fuzhou and Xiamen and develop the international deep-water transshipment harbor area at Meizhouwan. The secondary task is to construct medium and small ports to meet the needs of the export-oriented economy and shipping services with Taiwan.
6. The coast of Guangdong and Guangxi: The primary task is to construct key ports such as Guangzhou and

Shenzhen and develop the international deep-water transshipment harbor area at Dapengwan. The secondary task is to construct medium and small ports such as Beihai and Zhuhai.

7. Hainan Province: The primary task is to construct the ports of Haikou, Yangpu, Basuo, and Sanya and appropriately develop medium and small ports to cater for economic development and the tourist industry. [No numbers 8-10 as published]

When the above plans are fulfilled, it will thoroughly enhance port capacity and will correspond to China's economic development.

Further Relax Policy Restrictions

In order to accomplish the grand program for port development, the state will pump in large sums of money and will further lift restrictions on port development policy. First, China will stick to the principle by which the central and local authorities will both take measures to collect funds through a variety of channels for port construction, to support cargo owners' efforts to construct special wharves on their own, to encourage coastal and inland provinces and cities to collect funds for port construction, and to integrate the construction of new ports with the transformation of old ports. Second, China will vigorously utilize foreign funds and will encourage foreign businesses to invest in the construction and operation of wharf projects through joint ventures, cooperation, or sole proprietorship.

Tianjin port has already set up 16 Sino-foreign joint ventures with a total investment exceeding \$64 million, of which \$31.5 million are foreign funds. Most of these enterprises are beginning to make profits. The Tianjin Port Sainan Wharf Company Limited, which is a Sino-foreign joint venture set up last year and which is the mainland's first jointly run wharf, made profits the same year when put into operation.

Dalian port has already set up 10 Sino-foreign joint ventures and cooperative enterprises and has absorbed foreign funds totaling \$19.82 million. Six of these enterprises have been put into operation and have earned a total of \$15 million in foreign exchange. The Bulk Cargo Packing Company Limited, a joint venture between Dalian and Hong Kong, is Dalian's large profit-making enterprise and is an example of success in the utilization of foreign funds to jointly operate a harbor wharf.

Shanghai, China's largest port, had the best container wharf in terms of profits. Hong Kong jointly set up the Shanghai Container Wharf Company Limited and began business early this year. Shanghai is gradually developing on a large scale, with many enterprises participating in construction and operation activities. Various forms of ownership also coexist.

In the great arena of the market economy, China's ports will utilize all advantages, will attract foreign businesses, will link up domestic businesses, will attract more cargo owners and ship owners, will attract more foreign capital, and will boost development, opening a new chapter in the history of port construction.

Jingtang Port To Open to Foreign Shipping

OW1407084493 Beijing XINHUA in English 0802
GMT 14 Jul 93

[Text] Beijing, July 14 (XINHUA)—The Jingtang Port (formerly called the Tangshan Port) in central China's Hebei Province is to be officially opened to both Chinese and foreign non-military ocean going ships on July 18, 1993.

A circular issued by the Ministry of Communications said the Jingtang Port has been rated and approved by the State Council, and it is qualified to become an open port.

As of next week, foreign non-military ships that are allowed to enter China's open water areas, as well as Chinese international navigating ships, can enter and leave the port freely, without filing an entry application to the ministry.

'Good Results' in Afforestation Work Reported

OW1207133593 Beijing XINHUA in English 1241
GMT 12 Jul 93

[Text] Beijing, July 12 (XINHUA)—China planted trees on 4.405 million hectares in 26 provinces, municipalities and autonomous regions in the first six months of this year, accounting for 95.1 percent of the annual afforestation scheme.

An official of the Ministry of Forestry attributed the good results to local governments' efforts and adjustments in the selection of tree varieties adapting to local conditions.

Early this year, Guan Guangfu, secretary of the Hubei Provincial Committee of the Communist Party of China (CPC), called on people across the province to plant trees on areas suitable for afforestation while designating local officials to take charge of the tree-planting work.

Leading officials of central Hunan Province went to remote mountainous areas to give instructions in afforestation on the spot many times early this year. In response, local people cultivated trees on 339,200 hectares of land and closed 436,700 hectares of hillsides to livestock grazing and fuel gathering to facilitate afforestation.

In addition, many provinces have altered the mix of tree varieties with a focus on planting more economic forests this year, according to the official.

East Region

Anhui Uses Foreign Funds To Boost Agriculture

OW1407053893 Beijing XINHUA in English 0240
GMT 14 Jul 93

[Text] Hefei, July 14 (XINHUA)—Anhui, an agricultural province in east China, is absorbing more and more foreign capital to boost its agriculture.

According to preliminary statistics, the province has used more than 300 million U.S. dollars of foreign capital in improving basic facilities for agriculture over the past decade.

A provincial official in charge of agriculture said the province has 19 farm projects being built with foreign capital at present.

Included are a soil-improvement project in the northwestern part of the province and an irrigation project, one of the largest agricultural projects in the country, in Chaohu Prefecture in the south.

The two projects have used a sum of 232 million U.S. dollars loaned by the World Bank.

The official noted that Anhui's agriculture will become more profitable when these projects are completed and put into operation.

Jiangxi Maintains Industrial Growth 'Momentum'

HK1307140693 Nanchang Jiangxi People's Radio
Network in Mandarin 1100 GMT 9 Jul 93

[Text] In the first half of this year, our province continued to maintain strong momentum of development in industrial production.

Industrial enterprise at and above the township level throughout the province produced 29.48 billion yuan of total industrial output value, registering an increase of 23 percent compared with the same period last year. The marketing rate of industrial products increased from 84.5 percent in January to 93.1 percent last month. The output value of industrial enterprises covered by the provincial budget throughout the province increased by 16.5 percent; income from products sales increased by 44.2 percent; and profits and taxes realized increased by 39.4 percent. Total profits increased by 38 percent, whereas total deficits decreased by 9.4 percent, and the amount of funds locked up in finished products dropped 2.5 percent.

Since the beginning of this year, the provincial party committee and the provincial government have taken further steps to enhance their leadership, organization, and coordination of industries. Many prefectures and cities successively set new policies and measures to expedite local industrial development and enhanced organization and leadership of industries. Industrial departments at various levels strengthened production management and in optimizing management, they have

emphasized in good time on quantitative and intensive management and have organized production meticulously.

Since the middle of June when the calamities of floods and waterlogging have occurred in an overwhelming majority of localities throughout the province, industrial departments have tried every possible means to overcome problems to make all-out efforts to improve production. Last month, they achieved 6.07 billion yuan of industrial output, thus setting the highest level of monthly output value in history.

Various localities and departments fully implemented the regulations and expedited the pace of transforming operating mechanisms. On the basis of taking the initiative to do well in transforming operating mechanisms of six experimental enterprises in comprehensive reform, they vigorously explored various effective approaches to transforming enterprise operating mechanisms and promoting production.

The whole province paid attention to key tasks, selected some very key projects from among other key projects, and gave major preference to them. Early this year, it was proposed by the provincial economic work meeting that the 321 Project be implemented, and that projects related to the Jiangxi automobile manufacturing plant, the metallurgical industry, the tobacco industry, the pharmaceutical industry, the agricultural reclamation system, and 15 key enterprises would be classified as the nuclei of core projects, and guaranteed in respect of capital, energy, and transportation.

From January to May, enterprises of the Project 321 achieved an increase of 25.6 percent in industrial output value and an increase of 44.9 percent in profits and taxes, which was markedly better than the average provincewide standard.

Meanwhile, we must strive harder to reduce overstocking, pay close attention to the work of turning deficits into surpluses, and vigorously promote technological progress. Last year, the whole province completed 3.23 billion yuan of investment in technological transformation. The goals of a large number of technological transformation projects, such as the Jiujiang chemical fiber factory, the Gaoan paper plant, and the Jiangxi general motor plant, were successively accomplished, thus strengthening the stamina of our province's economic development. They have become new big taxpayers and spots of economic growth in our province.

Shandong Increases Security Along Railway

SK1407080793 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 12 Jul 93

[Text] The public security section of the Jinan Railway Bureau has waged a special struggle against train bandits and railway overlords by launching an overall attack and

has scored marked achievements. More than 500 train bandits and railway overlords have fallen into the net of justice.

Since the beginning of this year, some unlawful elements have desperately risked danger by defying the law. They robbed the passengers of belongings, seriously threatened the safety of passengers' belongings and lives, and hindered and damaged the normal order of transportation and the order of railway public security. In response, the public security section under the Jinan Railway Bureau waged a mammoth special struggle against the train bandits and railway overlords by making precise arrangements and carefully organizing its forces in an operation conducted along the 1,000-li railway line and in the passengers' trains under its jurisdiction as well as by concentrating its main forces on launching an overall attack. On 13 May this year, seven ruffians on the No. 252 passenger train between Shanghai and Jinan beat the passengers with wine bottles and openly looted 450 yuan of cash from 31 passengers. The staff members on the train were also hit. After the incident, the public security section launched a rapid attack and captured all criminal ruffians within 10 hours with the assistance and coordination of the local public security organs. By the end of June, the public security section under the Jinan Railway Bureau had cracked 179 cases of train bandits and railway overlords; of these cases, 29 are of a serious and appalling nature. The section smashed 15 criminal rings, captured 506 criminal elements, and recovered more than 100,000 yuan of losses.

Shanghai Sets Up Scientific Progress Committee
*OW1307150893 Beijing XINHUA in English 1414
GMT 13 Jul 93*

[Text] Shanghai, July 13 (XINHUA)—An experts consultative committee for scientific and technological progress was established today in this leading industrial city of China.

Aiming to provide advice for municipal leaders to make decisions and policies for developing science and technology, the committee is composed of 25 outstanding local scientists.

The duties of the committee are to research principles and policies to promote the scientific and technological progress of the city, examine and approve scientific and technological development programs and investment plans, and provide proposals on priority projects.

Shanghai Grain, Oil Exchange Begins Operation
*OW1407054193 Beijing XINHUA in English 0249
GMT 14 Jul 93*

[Text] Shanghai, July 14 (XINHUA)—The Shanghai Grain and Vegetable Oil Exchange went into trial operation June 30 and has so far concluded futures business transactions worth 396 million yuan (about 69 million U.S. dollars).

Co-established by the Ministry of Internal Trade and the Shanghai Municipal Government, the futures exchange has accepted 43 members from all over the country.

He Tao, president of the exchange, said that now that the state's control over the prices of grain and vegetable oil has been lifted price fluctuations are inevitable. The futures market will provide long-term price indications for the state to control the production and consumption of grain and vegetable oil.

Meanwhile, a large grain market has already been set up in Zhengzhou, capital of central China's Henan Province. The market has also started to develop futures trading while undertaking spot transactions.

Shanghai Begins Using Labor Contract System
*OW1307154493 Beijing XINHUA in English 1526
GMT 13 Jul 93*

[Text] Beijing, July 13 (XINHUA)—About 78 percent or 1,063 of the enterprises in Shanghai, China's largest industrial city, have started to carry out labor contract systems, according to the latest statistics from the municipal government departments concerned.

More than 1.48 million workers have signed labor contracts of various forms with their enterprises. About 96.7 percent of the total workers and staff members in the city's enterprises have taken part in the reform of the labor system.

As a result of the reform, 5.18 percent or 76,000 of the workers and staff members of the enterprises have been removed from their original jobs as unqualified. However, their enterprises have managed to make other arrangements for most of them. Many of them have got new jobs within their enterprises after being given fresh training, while others were transferred to work in service trades.

Experts note that the adoption of the labor contract system has helped raise the quality of the workers and staff members in the enterprises and improved the management of the enterprises.

Vice-Mayor Jiang Yiren has called on all walks of life and all governmental departments to support the reform of the labor system in enterprises.

Central-South Region

Guangdong's Guangzhou Reelects Li Ziliu Mayor
*HK1307145093 Beijing ZHONGGUO XINWEN SHE
in Chinese 1222 GMT 24 Jun 93*

[By reporter Chen Jia [7115 0163]: "Li Ziliu Reelected Mayor of Guangzhou"]

[Text] Guangzhou, 24 Jun (ZHONGGUO XINWEN SHE)—The first session of the 10th Guangzhou City People's Congress carried out elections today. Li Ziliu

was reelected mayor of Guangzhou with the greatest number of votes, former Vice Mayor Huang Weining was elected chairman of the standing committee of the city people's congress, Deng Guoji was reelected president of the City Intermediate People's Court, and Wang Dingzhong was newly elected chief procurator of the city procuratorate.

The number of legal deputies of the first session of the 10th Guangzhou City People's Congress was 473, and 452 deputies attended today's meeting and cast votes. According to the election results, Li Ziliu was reelected with 443 votes for, 9 abstentions, and none against.

The election of the four persons today was carried out with the number of posts equal to that of candidates. The 61-year-old former Vice Mayor Huang Weining was elected chairman of the new standing committee of the city people's congress.

The 57-year-old Deng Guoji was reelected president of the Guangzhou City Intermediate People's Court.

Wang Dingzhong, 52-year-old former chief procurator of the city procuratorate, was elected chief procurator of the Guangzhou City People's Procuratorate. [sentence as received] According to relevant provisions of the election law, the chief procurator of the Guangdong Provincial Higher Procuratorate must submit the appointment of Wang Dingzhong to the Standing Committee of the Guangdong Provincial People's Congress for approval.

Review of Guangdong Radio 'Hotline' Program

HK1407074693

[Editorial Report] The following is a one-week (4-10 July) summary of the "Today's Hotline" program, a listener call-in show carried daily on Guangzhou Guangdong People's Radio Network in Mandarin at 1035-1200 GMT. Reception ranged from poor to unmonitored. The highlights of each program are as follows:

4 July

The program opens with an introductory remark by the program host, who reminds listeners that, as usual, on Saturday and Sunday the program does not focus on any specific topic and that listeners may raise whatever questions they would like to discuss.

A Mr. Cai calls in and complains about the traffic jam he experiences every morning on his way from his home in western Guangzhou to his office in the eastern part of the city. He attributes the traffic jam to bureaucracy on the part of the police in charge of traffic control, outdated laws and regulations that fail to suit real needs, and the poor condition of roads, for which heavy-duty military vehicles that use the roads very frequently must be held responsible. Mr. Cai says: "I think we must seriously discuss the current policy on fines. I myself have paid fines to the traffic police, and I saw them receiving a tremendous amount of fines. I think the purpose of their work is just to get fines. I want to point out that they are

fining people just for the sake of it. In my view, they just do not care about seeking once and for all a solution to traffic accidents, but take fining as their work objective. Traffic conditions are going from bad to worse in Guangzhou city, and I think they are a major cause of it. Also, with regard to legislation, I think it is necessary to severely punish those who drive above the speed limit, overloaded, or in violation of traffic codes. There are many cases like these every day in Guangzhou, especially in the suburbs. Roads are seriously damaged, full of bumps and holes. Those guys are committing crimes against the people. If the city government does not take measures, it will be committing crimes against the people, too. It is wasting the people's money."

The host responds to Mr. Cai by saying that some of his complaints are justified, but some of his points are too radical.

Another listener calls in to complain about discrimination by local residents against migrant laborers. The host encourages him to learn Cantonese and to try to adapt to the local environment.

Two more listeners call in to complain about traffic order. The host promises to arrange to have an official in charge attend a session of the program to answer questions raised by listeners on the topic.

A Mr. Hua calls in to complain about an unreasonable deduction of various taxes and levies from his pay and about his superior's discrimination against him after he withdrew from the party many years ago. Mr. Hua says: "I now earn less than 300 yuan a month, which is not enough to support my family." The host asks: "Then how much are your colleagues, whose working experience is similar to yours, earning a month?" Mr. Hua says: "Oh, they get more than I do. Now even those who have retired are receiving a pension of some 1,000 yuan." The host asks: "Then why do you get so little?" Mr. Hua says: "After I was demobilized from the Army...I was then a CPC member, and I later withdrew from the party, and they said I had grievances against the party." The host asks: "Then why did you decide to withdraw from the party?" Mr. Hua: "It was because I quarrelled with the team leader over a problem at work, so he transferred me to work in the warehouse. I had been a painter before that. The team leader no longer let me work at construction sites, but assigned me to work in the warehouse to do such jobs as carrying steel pipes. I am now 65 years old. No, excuse me, I am over 60 this year. He does not let me retire." The host promises to put down Mr. Hua's case on record and make a further study of the case.

A Ms. Wu calls in to air her views on a currently advertised deluxe housing project for the elderly. She says the project is designed for the rich and that the prices of the houses are so high that ordinary retired people cannot afford them.

A Miss Qin reports a case she witnessed the previous day: A policeman did not chase drivers who violated

traffic regulations and ignored his order to stop. She also complains that bus conductors refuse to speak Putonghua but insist on speaking Cantonese.

A Mr. Wang calls in to review the traffic jam problem and discuss the possibility of introducing coin-operated phones in Guangzhou. A Mr. Huang discusses the selection and employment of cadres, and suggests dedicating a session of the program to this topic.

A Mr. Wu complains about an unreasonable fee, a desk and chair maintenance fee, charged by his son's primary school in Shakou District.

A Mr. Lan complains about 20 to 30 prostitutes soliciting patronage every night in front of Guangzhou Restaurant in Henan District. He says he has already lodged more than 10 complaints about this but it has not been resolved yet. The host explains that Mr. Lan's complaint must be verified by the press and the police before further actions are taken.

5 July

The program begins with an exclusive report by a staff reporter on the experience of a 19-year-old Henan laborer, Zhao Anqiang, who accidentally fell into a ditch in Huangpu District on 6 June and was seriously scalded by extremely hot water. After selling all the family's farm cattle and grain, his father could only raise 5,000 yuan, although the hospital bill was 50,000 yuan. The father is now penniless, and the relevant departments have rejected his requests for assistance.

The reporter visited Zhao in the hospital and saw that over 75 percent of his body was seriously scalded. Zhao told the reporter that the ditch into which he fell was under a steam pipe that belonged to a thermoelectric development company belonging to the Guangzhou City Economic and Technological Development Zone. Because the heat insulation layer of the pipe had peeled away, the water temperature in the ditch was very high. A doctor from the hospital said his treatment would continue whether or not his family could cover all the costs.

The host then urges listeners to phone in and discuss today's topic: Is it right to pull down enclosing walls for commercial purposes in a large city like Guangzhou?

The host tells his listeners that he picked today's topic from a report carried by the 4 July issue of GUANGZHOU RIBAO, which claims that over 75 percent of the enclosing walls for residential quarters, administrative units, and schools in Guangzhou have been demolished for the purpose of opening restaurants, stores, and stalls.

A Mr. Chen calls in to say that though large cities like Guangzhou should see fewer enclosing walls, it is not appropriate to demolish the walls of schools for commercial purposes, because commercial activities in the close vicinity of school buildings will directly affect students.

Hu Mingfang of the Guangzhou City Urban Planning Bureau makes a prearranged call to analyze the issue from the angle of urban planning, and says that it is easier said than done to maintain comprehensive control over Guangzhou's urban construction.

A Mr. Ding calls in to criticize Hu for his passive approach toward the issue, considering it necessary for Guangzhou to draw up a comprehensive urban construction plan, demolishing walls which should be pulled down and retaining those which should not.

6 July

The program opens with the host saying the topic for the day's discussion is taken from a report carried in the 6 July issue of NANFANG RIBAO on a graft case involving Cai Rong, principal and party branch secretary of Lianhe Primary School in Tianhe District, Guangzhou city. The principal solicited sponsorship fees under various pretexts, and the income derived from this was not reflected in the school's accounting books. He has now been charged with embezzling public funds totaling more than 270,000 yuan, and has been arrested by order of the local procuratorate. His case is being heard in court. The program host invites listeners to air their opinions on the case.

The host also mentions the case of Zhao Enqiang, who was seriously scalded by hot water. He says follow-up coverage of the case will be conducted, and a discussion will be arranged by the "Hotline" program to review the case.

A form 1 student calls in to complain about various types of fines imposed by her class master on her classmates for violation of class discipline, failure to properly perform prefect duties, and so on.

A Ms. Hu calls in to express her disgust with the case of graft involving the primary school principal and to criticize malpractices in school operations. She also attributes such cases to teachers' low incomes.

A Mr. Ma, a teacher, calls from Huizhou city to discuss the case and to complain about teachers' difficult situation. A Ms. Zhang, a retired teacher, says a few words to justify sponsorship fees, criticizes malpractices in the outlay of such charges, and suggests some measures to stop loopholes in the system.

A high school student points out that various compulsory charges imposed by the school administration, under the pretext of sponsorship fees and donations, are very common. A Mr. Deng attributes graft in school to an unsound administrative system, poor financial management, and bureaucracy in the school.

7 July

The program opens with a report on a bank robbery that occurred on the morning of 7 July. A jobless and penniless Gansu laborer stole a total of 17,000 yuan

outside a savings bank in Liwan District, Guangzhou, and was later captured by the police with the help of passersby.

A staff reporter interviewed the laborer, Lu Binjin, under detention at Yanyan Police Substation. Lu told the reporter that with the false impression that life was colorful in Guangzhou and that one could make 500-600 yuan a month there, he borrowed 500 yuan and came to Guangzhou several days ago. However, his dream was broken soon after his arrival. Now he cannot find a job and has spent all the money he borrowed. He said he knew it was not right to rob people of their money, but when one cannot find a job and has no money to feed oneself or return home, one has no alternative but to try his luck. He said that even if he was caught by the police, he would be better off than before, for at least someone would give him something to eat.

The host asks listeners to air their view on the possible adverse impact on society by jobless laborers who are desperate for money, on what precautions Guangzhou residents can take to avoid being robbed, and on what steps the city authorities can adopt to improve the city's public security.

A Mr. Luo calls in to show sympathy for those laborers who come to Guangzhou with only a little money, hoping to find a good job with a good salary but end up broke before they can ever find one. He wonders if the government can do something to help them. The host tells him that the city authorities have set up assembly points to house laborers who cannot find jobs in the city, and have sent some back to their homes. However, laborers coming to Guangzhou still outnumber those being sent back.

A Mr. Pang shows pity on the robber, for he himself had the same experience three years ago. He told the host that he could not find a job and became penniless soon after arriving in Guangzhou. He lived on only one loaf of bread each day during that period. Now he is comfortable but he feels very sorry for the laborer.

A Mr. He says that he went through the same miseries when he came to look for a job in Guangzhou two years ago. He shows deep sympathy for the robber, and urges the government to adopt various measures to control the tides of Guangzhou-bound laborers. He suggests railway departments sell train tickets only to those who can produce documentation to prove their employment.

A Mr. Li urges laborers coming from other parts of the country to observe social order, maintain self-control, show some self-respect, and refrain from doing anything harmful to society.

A Mr. Yang, calling long distance from Guizhou Province, tells the host that public security has worsened in Guizhou and that laborers coming from outside Guizhou are to be blamed for most of the criminal cases in the city. Guizhou residents, especially women, dare not go out at night for fear of being looted, raped, or even

killed; and when they go to work in the day, they are worried that thieves may visit their houses. He urges public security organs to take steps and keep strict control over public security. He tells the host that he himself saw that the police did not step in when a girl was robbed of her gold necklace in a public place.

A Mr. Su, a businessman from a national minority region who is currently doing business in Guangzhou, says that laborers who look for jobs blindly in big cities should not vent their anger on local governments or local residents, for it was their own decision to give up farming in their home places and try their luck in big cities. He hopes that local authorities can deal with lawbreakers severely, so as to ensure the safety of ordinary residents. He says when doing business with people, he dares not tell others the address and telephone number of his residence. In view of such a situation, he urges the local authorities to face reality, take strong countermeasures, and deal heavy punishment to lawbreakers.

A Mr. Zhang suggests a propaganda campaign be launched across the country to make people aware that Guangzhou is not a place where everybody can find jobs and make big money. The purpose of this campaign would be to warn laborers in other provinces to think hard before deciding to come and look for a job in Guangzhou.

A Mr. Cao calls in to blame relevant government departments for the present chaotic laborer situation. He says the government has failed to take strong and effective steps to control the situation. By housing jobless laborers and sending them back home, the government has shown its lack of ability to cope with complicated problems, which should have been tackled by heavy punishment. Without any punishment, the tides of laborers will never end. He suggests sending all these laborers to a remote and uncultivated area and subjecting them to physical labor, rather than sending them back to their home places. The host disagrees with Mr. Cao, saying that restricting personal freedom is a punishment that should only be extended to criminals. However, Mr. Cao insists that the Guangdong People's Congress can simply adopt a law and make the issue sound legal.

A Mr. Tang praises laborers coming from outside Guangzhou for their contributions to the city, and then analyses problems they may possibly cause to the public security if they cannot find jobs and become broke. He further suggests that Guangzhou learn from the special economic zones of Shenzhen and Zhuhai, and adopt special entry control measures against tides of laborers; in other words, only those holding special zone passes can buy train tickets and enter Guangzhou.

Political Instructor Duan Xiangqun of a police substation under the Guangzhou City Public Security Bureau, which cracked the bank robbery case this morning, is interviewed. He gives a brief account of pressure put on public security by people coming from outside Guangzhou. He says his substation has witnessed 213 criminal

cases during the January-June period, a 50-percent increase over the same period last year. Most major cases are committed by people from outside Guangzhou. He considers it necessary for Guangzhou to establish laws and regulations guiding the control of the floating population so as to reduce the total number of criminal cases. He tells the host that with a limited number of personnel, his substation has to send most of its policemen to investigate criminal cases and subsequently they pay little attention to residential registration management and patrolling within the district. Guangzhou authorities have taken steps to improve the public security of Liuhua District, where the train station is located. However, most of the laborers originally idling around the train station were driven to the outskirts of the city, including his area. He believes it is necessary to employ more policemen and give better transportation and communications equipment to police substations on the outskirts, for what they have now is insufficient to cope with the present chaotic situation. He also urges all social sectors to support the police to promote comprehensive improvement in Guangzhou's public security.

A journalist, Mr. Shangguan, calls in to say that large-scale population flows are an inevitable side effect of economic development. The mass media should use its propaganda function and tell people in other provinces that Guangzhou is not a place where you can find gold lying in the streets.

A Mr. Chuang makes a long distance call from Guizhou to suggest that Guangzhou be made a special zone and that those who want to enter Guangzhou should show their work permits or letters from their employers. He also proposes that Guangzhou establish a special organ for the recruitment of laborers from other provinces.

8 July

The program focuses on the case of Wang Jinyue, a scavenger from the Environmental Protection Bureau, who, when dumping garbage on a deserted site in Tianhe District, was tied up and beaten by a few young villagers. The program opens with a briefing on the case by a reporter who says that scavengers in Guangzhou, most of whom are migrant laborers from other provinces, are discriminated against by the public. After the event took place, Shi Anhai, deputy secretary of the Guangzhou city party committee, instructed the Tianhe district government to thoroughly investigate and handle the case.

A Mr. Li calls in to express indignation against those who beat the scavenger, urging the authorities to enforce the law and severely punish them. A Mr. Lin expresses sympathy for scavengers and calls for strong legal action against those who beat him.

Station reporter Zhao Min, who covered the case, then gives a detailed account of the case. She says about 100 scavengers have been beaten in Guangzhou. She quotes Liang Jingwen, secretary of the party committee of the Guangzhou Environmental Protection Bureau, who

attributes such cases to the very low social status of scavengers, the public's lack of legal principles, and the scavengers' lack of courtesy and poor command of local dialects.

A Mr. Mo urges the city government to raise the pay for scavengers and to improve their working conditions. A Mr. Zhang urges the public to treat scavengers equally. He says the case is a grave violation of human rights, and calls for an investigation into the case and disciplinary action against officials who have been derelict in handling the case.

Another Mr. Zhang calls in to condemn the beating, but he also notes that this sort of case may be due, in part, to some faults of the scavengers. A Ms. Hou says beating others is a violation of the law, but she notes that the quality of scavengers may be one of the contributing factors to disputes between them and the public. She calls for improvement of street cleaning equipment.

A Mr. Li attributes the case to the ugly side of human nature. A Ms. Hu compares today's scavengers to those in the past. She points out that nowadays few people like to work as scavengers, the scavengers' quality of service has declined, and their work load has been increasing as well. A Mr. Jiang expresses sympathy for the scavengers. He says he feels disgusted when he hears about cases of migrant laborers being bullied because he himself is from another province. But he suggests that scavengers pay attention to their quality of service.

9 July

The program opens with a follow-up report on the case of Zhao Enqiang, the migrant laborer who was severely scalded.

The special topic for the day is a story provided by the Wuhua County radio station. A peasant called Xie Yongsheng in Pingan District, Mianyang town, sold his younger sister to a peasant called Song Jingying of Qiaojiang township for a bride-price of 8,000 yuan. After the bridegroom borrowed money to pay the bride-price to the bride's family, the bride refused to marry the bridegroom, but contracted marriage with another man. When Song Jingying asked Xie Yongsheng to return the money and Xie refused to pay him and threatened to kill him if he kept on asking for a refund, Song exploded some dynamite near Xie's house on 18 June, killing himself, Xie Yongsheng, Xie's wife, and their two children, and injuring Xie's mother and mother-in-law. The program host invites the radio listeners to air their views on this case.

A Mr. Deng calls to say that such marriages are a stupid practice in underdeveloped areas. A Miss Lu disapproves of such marriages and condemns Xie Yongsheng for cheating and Song Jingying for resorting to violence. A Mr. He also condemns both Xie Yongsheng and Song Jingying, saying Song should have sought a settlement of

the dispute through legal channels. A Mr. Yi also condemns such marriages, the cheating by the bride's side, usury, and the bridegroom's use of violence.

A Mr. Deng attributes the phenomenon to an underdeveloped economy and education in rural China. A Mr. Zhao analyzes the case against the background of current rapid economic changes in China. He says the solution to the problem should be found from material and spiritual development. A Mr. Su says this social phenomenon will not vanish until the economy is developed, moral values are updated, and a sound legal system is established. He urges the government and civil servants to play a more active role in this regard.

A Mr. Gan from Wuhua County calls in, pointing out that such marriages are very common in his home county. A Mr. Huang from Sichuan Province calls in and says that mercenary marriages are very common in his province, too. A Mr. Zhou attributes the tragedy to ignorance of laws and a low moral standard among the rural public.

A Mr. Lin, who is from Taiwan, calls in to point out that village cadres must be held responsible for cases like this. He believes that the cadres' quality must be improved before mercenary marriages can be curbed in rural areas.

10 July

The program for today does not set any specific topic for discussion, which is usual for a Saturday.

A woman calls in to complain on behalf of a friend about the unreasonably high fee her friend has paid for a passport to study abroad. A Ms. Huang complains about noise and air pollution caused by a plant near her home. A Mr. Gu complains about a fine imposed on him for illegal parking.

A Mr. Wang calls in to report a case of petty theft experienced by one of his friends in May. He says his friend caught one of the pickpockets involved in the case, took the man to the Huanghuang district police substation, and reported the case to the police. After that, his friend called the police substation many times to inquire about how his case had been processed, but the police failed to give him any definite response.

A Dr. Zhang calls in to discuss euthanasia and urges relevant legislation. He suggests that a discussion be organized on the issue.

Guangdong Arrests Drug Addicts, Traffickers

HK1407032593 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1340 GMT 25 Jun 93

["Guangdong Ferrets out Nearly 10,000 Drug Addicts and Traffickers"—ZHONGGUO TONGXUN SHE Headline]

[Text] Guangzhou, 25 Jun (ZHONGGUO TONGXUN SHE)—A person in charge of the Guangdong Provincial

Narcotics Control Commission said today: In the first five months of this year, Guangdong smashed more than 100 criminal gangs involved in drug manufacturing and trafficking activities, cracked more than 900 drug trafficking cases, arrested more than 1,300 drug traffickers, ferreted out more than 8,000 drug addicts, and captured more than 69,000 grams of heroin and a batch of other types of narcotics.

It was learned that early this year, Guangdong Province held a narcotics control work meeting that made arrangements for banning drugs. In March, the province launched a narcotics control campaign. Since April, the whole province has launched a unified campaign devoted to "banning drugs and gambling," with the result that across the province a series of drug-related cases have been cracked and a number of drug-related criminals severely punished.

Guangdong's Shantou Destroys 41 Kg of Drugs

HK1407104093 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1251 GMT 25 Jun 93

["More Than 41 Kg of Drugs Destroyed in Shantou"—ZHONGGUO TONGXUN SHE headline]

[Text] Shantou, 25 Jun (ZHONGGUO TONGXUN SHE)—The Shantou City Narcotics Control Committee held an on-the-spot meeting to destroy drugs in the city's Tuopu Town this morning. Over 41 kg of drugs were destroyed in front of the people.

This was the first time the Shantou City Narcotics Control Committee destroyed drugs on a large scale since its establishment. Li Huanran and Guo Sikun, Shantou City party and government officials, and Lao Hongrui, chief of the Shantou customs house, attended the meeting.

The drugs destroyed today were recently confiscated by various judicial organs of Shantou City. The total amount destroyed was 41.729 kg, of which heroin accounted for 39.269 kg and opium, 2.56 kg.

It is reported that since the beginning of this year, the city has cracked 44 cases of drug trafficking and drug taking. One hundred and twenty-three people have been arrested, of whom eight trafficked and took drugs, 113 took drugs, and two provided places for taking drugs.

Guangdong Cities Execute 12 Criminals

HK1407043593 Beijing ZHONGGUO XINWEN SHE in Chinese 0941 GMT 13 Jul 93

[Report by reporter Mo Fei (5459 7236): "Guangdong Cracks Six Cases of Kidnapping Women and Forced Prostitution; 12 Criminals Executed According to Law"]

[Text] This morning, the intermediate people's courts of five cities in Guangdong, including Guangzhou, Shenzhen, Zhuhai, Zhongshan, and Huizhou, held meetings simultaneously to pronounce judgments on a number of

criminal cases. Twelve principal culprits involved in six recently cracked cases of kidnapping women and forced prostitution were sentenced to death and executed, while another 18 culprits involved in the same cases were sentenced to five years' imprisonment, life imprisonment, and death with probation. The number of culprits sentenced to death this time in Guangdong was the highest of the recent years.

It was learned that the above-mentioned criminal groups were all very cruel when committing crimes and that their cases were all very serious. The principal culprits, including Wang Wenquan and Li Wu, went to a hair salon in Danshui, Huiyang County, together with four other criminals. With knives in their hands, they kidnapped two young women working in the hair salon, who were surnamed Luo and Li, respectively, raped them in turn, and sold them to another criminal group for 600 yuan.

Zhu Changsheng, another criminal who was sentenced to death, made use of a certain hotel in Dongfeng Town, Zhongshan, to shelter prostitutes. He instructed his partners to seek job-hunting young women from other provinces at the Guangzhou Railway Station, lure them to Zhongshan, and then force them to prostitute themselves. In as little as three months, Zhu and his criminal group sent more than 10 young women to Zhongshan to prostitute themselves dozens of times.

Zhao Huaqing, Xu Xiangdong, and Liu Lixin, some other criminals who were sentenced to death, made a certain workshop in Zhuhai a haunt of prostitution. They induced and kidnapped more than 10 women to their haunt and forced them, by such violent means as beating and raping, to prostitute themselves.

Xu Liangdong, vice president of the Guangdong Provincial Higher People's Court, pointed out that most members of the above-mentioned criminal groups were lawless elements from other provinces. Although they had been staying and carrying out their activities in rented houses and hotels for a long time, no one had ever checked on what they were doing there. This shows that management and control over the floating population in some areas have been very weak. At the same time, some tourist and recreational companies have been operating under a wrong guiding ideology, believing that prostitution and pornographic activities are the right way to earn more money. He reiterated that units taking a laissez-faire attitude toward prostitution activities in their midst will be treated seriously in accordance with the relevant stipulations.

Guangdong To Build Vehicle Production Base
*HK1307131193 Beijing ZHONGGUO XINWEN SHE
in English 1231 GMT 13 Jul 93*

[Text] Guangzhou, July 13 (CNS)—A large vehicle production base with a total investment of renminbi [RMB] 1.2 billion and production technology introduced from Japan will be built in Zengcheng County, Guangdong

Province. The base with an annual production capacity of 300,000 vehicles will be completed in 1997.

Zengcheng, a suburban county in Guangzhou Municipality, has seen rapid growth since last year with its social output value reaching RMB 5.65 billion in 1992, its industrial and agricultural output value RMB 3.69 billion, and its gross national product RMB 2.194 billion, respective increases of 88.69 percent, 81.7 percent, and 67.3 percent over the previous year. Tax derived in the county was a record RMB 100 million last year, and in the first five months of this year, it introduced 110 foreign-funded enterprises with contracted investment of US\$230 million. At an economic and trade negotiations meeting held last June, more than 100 other foreign investment items with contracted investment of over US\$1 billion were signed.

According to the county's party committee secretary, Mr Zhang Fangyou, the county will be built into a modern part of the Pearl River region with developed industry, agriculture and commerce, advanced science and technology, culture, and prosperity.

Hainan Secretary Addresses CPC Congress
*HK1307130093 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 11 Jul 93*

[Text] The Second Hainan Provincial CPC Congress held a preparatory meeting yesterday afternoon [11 July]. Provincial Secretary Ruan Chongwu presided over the meeting. He said: The convening of this party congress is a big event of great significance in the political life of the party organizations at all levels, the large numbers of party members, and people of all nationalities in this province. The CPC Central Committee sets great store by this party congress and has specially sent comrades from the Central Organization Department to the session to give advice.

He announced that the attendance at this provincial party congress was 300 and that 270 were attending the preparatory meeting, constituting a quorum. The meeting unanimously adopted, by a show of hands, the list of members of the credentials committee for the deputies to the Second Hainan Provincial CPC Congress, the list of members of the presidium, the list of secretaries general, the agenda of the congress, and the organizational structure of the secretariat.

According to the adopted agenda, this congress will listen to and examine the report of the First Hainan Provincial CPC Committee, examine the report of the Hainan Provincial CPC Discipline Inspection Commission, elect the Second Hainan Provincial CPC Committee, and elect the Hainan Provincial CPC Discipline Inspection Commission.

The congress will last three days and will conclude on 14 July.

Before the preparatory meeting, the preparatory group of the congress had held a meeting of the conveners of all deputations to the congress. Comrade Ruan Chongwu gave an introduction to and explanation of the preparations for the congress and the drafting of the report of the First Hainan Provincial CPC Committee.

Southwest Region

Sichuan Governor Discusses Tertiary Industry

HK1207144093 Chengdu Sichuan People's Radio
Network in Mandarin 2300 GMT 8 Jul 93

[Text] The Sichuan provincial work meeting on expediting the development of tertiary industry ended the day before yesterday. Governor Xiao Yang made an important speech at the meeting. After briefing the meeting participants on recent instructions from the central authorities, he set forth requirements on how to strengthen the development of tertiary industry in our province: During the transition from planned economy to market economy, we must strengthen the development of tertiary industry.

In light of the actual circumstances in the province, there are four focal points of development for the present: The first one is such visible industries as transportation and communication; the second is various market systems including the market of factors of production; the third one is education, science and technology, and other key development areas; and the fourth is such rising industries as tourism and information processing.

Chen Kuanjin, chairman of the provincial planning commission, made the concluding speech. He said: At present, to expedite the development of tertiary industry, we must handle well the relationship between conscientiously implementing the spirit of the central authorities and expediting tertiary industry, and pay attention to facilitating the development of other industries through the development of tertiary industry.

At the meeting, 26 advanced units of tertiary industry were commended by the provincial government.

Tibet Official Rejects Reports of Nuclear Waste

HK1407054493 Beijing ZHONGGUO XINWEN SHE
in Chinese 0803 GMT 25 Jun 93

[By correspondent Li Jinyuan (2621 6855 0337)]

[Text] 25 Jun (ZHONGGUO XINWEN SHE) [dateline as received]—Li Yankun, head of the Tibet Autonomous Regional Bureau for the Development and Environmental Protection of Urban and Rural Areas, an organ under the region's environmental protection department, said in an interview today: "The Tibet Autonomous Region's environment has received and is receiving effective protection," rejecting the view that "Tibet's ecosystem is being destroyed" as being completely incompatible with facts.

The Tibet Autonomous Region covers an area of more than 1.2 million square km, has rich natural resources, and is noted for its unique highland ecological system. Li Yankun described the situation, saying that the latest results from the first six months of monitoring show that the atmospheric quality of the Tibet Autonomous Region continues to be good and has not become polluted. The same is true for water supplies throughout the region. The noise level in city production areas has been put under effective control. Levels of radioactivity from the natural environment remain within the normal range. The growth rate for the region's forests is greater than the rate of depletion, and forested areas are now 6.78 percent of the region's total.

Li Yankun said environmental protection became a rising industry in the Tibet Autonomous Region in the mid-1970's. Over the last 20 years, the concerned governments and departments at all levels have attached great importance to environmental protection, unveiling on different occasions the "Tibet Autonomous Region Ordinances on Forest Protection," "details for environmental protection in development projects in the Tibet Autonomous Region," "methods for the implementation of the 'PRC Wildlife Protection Laws' in the Tibet Autonomous Region," and other such local environmental protection regulations, to make sure that economic growth and environmental protection go hand in hand. Large-scale projects follow the environmental protection principle all the way from feasibility studies to actual construction. For example, the Tibet Yanzho Yumco Hydropower Station and the Shannan Luobusa Chromite Mine projects strictly observed environmental protection regulations. Since 1990, the state and the autonomous region have spent over 6 million yuan building environmental monitoring stations in Lhasa, Xigaze, Qamdo, and other areas. The installation of these stations signals the beginning of environmental monitoring of the atmosphere, bodies of water, and noise and puts an end to the days when Tibet had no environmental watch services. Localities throughout the autonomous region regard afforestation as a matter of great concern. In 1992 alone, trees were planted on over 3,500 hectares of land; 20,000 hectares of hills were closed to allow forests to grow back; 538 hectares of deforested clearings were replanted; and there were over 7,500 hectares of new cultivated grassland.

Tibet has a large wildlife population. There are 115 animals under state Class One protection and over 40 kinds of rare species seen only in highlands. Li Yankun said the Tibet Autonomous Region has spent enormous amounts of money and manpower to protect wildlife, setting up at different times the Qomolangma Feng, Medog, and Nyingchi nature reserves and four others throughout the region, covering 25 percent of the region's total area. There are now approximately 1,300 antelopes—compared to 500 or so in the past—in the Chayang Nature Reserve.

Li Yankun dismissed as fictitious reports in foreign countries that the Chinese Government is dumping nuclear waste and building nuclear facilities in Tibet.

North Region

CPPCC Urges Control of Transients in Beijing

OW1407023293 Beijing XINHUA in English 0039
GMT 14 Jul 93

[Text] Beijing, July 14 (XINHUA)—The municipal government of Beijing should step up efforts to deal with the city's fast-increasing floating population.

This call was officially made by the municipal committee of the Chinese People's Political Consultative Conference (CPPCC).

In the past few years Beijing has developed rapidly owing to the ongoing reform and opening policy, and has thus lured a huge amount of people from rural areas and other cities to try their luck by doing business or working as maids or temporary employees.

In the period 1978-1992 the floating population of the city increased by six times, namely rising from 300,000 14 years ago to the present figure of 1.5 million.

Of the current 1.5 million transients, 1 million have been given official approval to live in the capital for the time being, according to the city's public security bureau.

The bureau says that some 770,000 of the floating people have found jobs.

A number of transient-dominated "villages" have emerged in urban or suburban places, such as "Xinjiang Village", "Zhejiang Village" and "Henan Village".

The names of these villages reflect the parts of the country the temporary residents have come from.

While most of these floaters try to extend their stay in Beijing, some have shown they are willing to become permanent residents of the capital by buying real estate or opening shops and firms.

The majority of the floating people are doing jobs that are disliked or overlooked by local residents, such as peddling fruit and vegetables, making garments, and working as carpenters, masons and maids.

The floaters have brought about convenience for local residents and have made contributions to the economy, observers say.

On the other hand, however, the quick growth of the floating population has also brought problems, such as a sharp increase in criminal activities conducted by transients, including prostitution and gambling.

Meanwhile, the huge numbers of the floating population have increased the burden on the city's water and power supply and have created many problems regarding traffic and public health.

In its proposal, the municipal CPPCC committee complained that the city lacks a comprehensive macro-control program for the transient group, though a series of related rules have been issued by the city government.

Tianjin Reports on Foreign Investment Use

SK1407073093 Tianjin People's Radio in Mandarin
2300 GMT 13 Jul 93

[Text] Since the beginning of this year, Tianjin Municipality has carried out the strategy of seizing opportunities in accelerating development and has conducted activities of absorbing foreign firms and drawing foreign capital at various levels, in diverse forms, through diverse channels, and from all directions. On the basis of setting a record in fulfilling various targets for absorbing foreign investment last year, the municipality has continued to maintain the strong trend this year. In the first half of this year, the municipality approved 1,903 foreign-invested enterprises, with contracted investment totaling \$2.7 billion, of which, 61.6 percent was foreign capital. All of the approved foreign-invested enterprises, the total investment of these enterprises, and the contracted investment surpassed last year's target on directly utilized foreign investment.

This year, Tianjin's directly utilized foreign investment has shown the following five new characteristics: First, the number of large projects has increased. There are 51 enterprises each with an investment of \$5 million or more. Second, the sphere of investment has extended to the tertiary industry. There are 1,053 tertiary industrial projects. Third, the absorption of foreign investment in the three zones has developed in a sustained manner. The economic and technological development zone, the bonded zone, and the new technology industrial park zone approved 1,280 foreign-invested enterprises of the three types in the first half of this year. Fourth, the proportion of the solely foreign-owned enterprises is relatively large. There are 1,064 solely foreign-owned enterprises in the municipality. Fifth, the enterprises invested in by Taiwan compatriots increased. In the first half of this year, the municipality approved 218 Taiwan-invested enterprises, with the amount of investment and the number of projects surpassing those of Japanese-invested enterprises, or ranking third among Tianjin's three types of enterprises invested in by various countries. Since the commencement of reform and opening up, Tianjin has run a total of 4,511 foreign-invested enterprises, with the total amount of investment reaching \$5.43 billion, of which, \$3.25 billion has been foreign investment. At the same time, a total of 67 countries and regions have invested in Tianjin.

Northwest Region

Gansu Secretary Addresses Non-CPC Figures

HK1407032793 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 12 Jul 93

[Text] Yesterday [12 July], the provincial CPC committee convened a forum of non-CPC personalities. Yang Zhenjie, deputy secretary of the provincial committee, relayed the spirit of the relevant central documents and of the five northwestern provinces' and regions' forum on economic work.

Gu Jinchi, provincial secretary, and Yan Haiwang, deputy secretary and provincial governor, briefed the participants on the current economic situation in Gansu, calling on all democratic parties to unit as one and make joint efforts to boost Gansu's economic construction. Yan Haiwang said at the forum: At the moment, the overall economic situation throughout the province is quite good and shows a rising tendency, but problems are seen in the monetary, transportation, and financial sectors. We must proceed consistently from Gansu's reality, implement conscientiously the guidelines laid down by the central authorities, strengthen macroeconomic regulation and control, solve specific problems to avoid the dilemma whereby stifling happens once control is exercised or things get out of hand once they are no longer controlled, and handle correctly the balance between regulation and control on a macroeconomic scale and enlivening on a microeconomic scale.

Gu Jinchi emphatically pointed out: All political and ideological work must revolve around economic construction as the central nexus. It is necessary to continue doing a good job in the theoretical studies for cadres, to intensify party building, and to create a fine environment for the reform and opening up. We should do a good job in combating corruption and promoting honest government conduct, encourage cadres to go to the forefront, and enhance efficiency in performing official duties, while in the meantime maintaining good social order.

The comrades in charge of the provincial committees of such democratic parties as the Revolutionary Committee of the Chinese Kuomintang, the China Democratic League, and the China Association for Promoting Democracy, spoke at the forum.

Qinghai Governor Addresses Government Plenary

HK1307140493 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 11 Jul 93

[Text] The provincial government held its second plenary meeting on the afternoon of 10 July. Vice Governor Ma Yuanbiao chaired the meeting, and Governor Tian Chengping made a speech. Yin Kesheng, Liu Guanghe, Bai Ma, Yang Maojia, and Han Shenggui attended.

In his speech, Tian Chengping first reviewed the work in the first half of this year. Tian Chengping said: Since the

beginning of this year, the vast numbers of cadres and the broad masses in our province have emancipated their minds, seized the opportunity, deepened reform, widened the scope of opening up, and constantly achieved new progress in various reforms and opening up to the outside world for establishing a socialist market economy. Economic construction and resource exploitation has entered a new stage of flourishing development, and a good situation, rare for many years, has emerged. There is full development in production, construction, and circulation, and new progress has been made in various social undertakings.

Tian Chengping said: Since the beginning of this year, our province's enterprise reform, centered on transforming the operating mechanism, has continued to deepen. On the basis of perfecting the contract responsibility system, we have succeeded in linking up with the second round of implementing the contract responsibility system. A total of 19 large and medium enterprises pursued the experience of implementing the contract responsibility system in the business system of Xining. Joint stock reform began smoothly, and 11 joint stock limited companies have been founded with approval. Rural and urban collective enterprises are widening the scope of implementing the joint stock system. Enterprises are expediting the pace of building up ties and forming groups with each other. Enterprise vigor is growing as it is geared to market needs.

Tian Chengping said: In the first half of this year, up to 39 foreign-invested enterprises have been developed throughout the province. Golmud and Kunlun Economic Development Zones started operating. Up to the end of June, 100 enterprises had gone through the formalities of business registration in the development zones and 116 construction projects, with a total investment of 426 million yuan, had been approved by the development zones. Meanwhile, our province's agricultural production has followed the principle of high yield, high efficiency, and fine quality; good results in readjusting the structure were achieved, the foundation status of agriculture was further enhanced, and various social undertakings also achieved new results.

Tian Chengping said: In the first half of this year, while expediting economic development, our province was also confronted with a shortage of funds, overheated financial investment, outstanding conflicts in railway transportation, and other problems. To counter these problems, the province put forward a guiding working ideology for the latter half of this year; that is, implementing the guideline set by the central authorities, further deepening reform and widening the scope of opening up, and vigorously settling current conflicts and problems in economic life. Under the precondition of improving economic benefits, we have to maintain the good trend of rapid economic development throughout the province and thoroughly complete this year's national economic and social development plans.

Tian Chengping pointed out: In the latter half of this year, we must continue to strengthen our leadership over agriculture and improve the work of preventing and combating disasters. We must strive to gain a bumper harvest in agriculture and to improve the development of animal husbandry. As for industrial production, we must strengthen production management, strive to expand product sales, and raise the industrial production output-sale ratio. We must insist on reducing or halting production of unmarketable products. Departments concerned must vigorously support and adapt to this, accelerate the pace of readjusting the product mix and support the pace of development, and enhance the stamina of enterprise development. Financial departments must try by every

means to raise funds through rectifying the financial order to meet production departments' normal need of funds.

Chief leaders of various provincial government departments, Xining City, and Haidong Prefecture, presidents of universities and colleges, and directors and managers of large and medium enterprises attended the meeting. Leading cadres concerned of the provincial party committee, the provincial people's congress, the provincial committee of the Chinese People's Political Consultative Conference, the provincial higher people's court, the provincial people's procuratorate, the provincial federation of trade unions, the provincial factories committee, and the provincial women's federation also attended the meeting.

Trade With Canada Increases

*OW1407090293 Taipei CNA in English 0754 GMT
14 Jul 93*

[Text] Ottawa, July 13 (CNA)—Taiwan's exports to Canada rose by 4 percent while Canadian exports to the island jumped 31.8 percent in the first four months of this year, according to government statistics.

Taiwan, however, still enjoyed a trade surplus, statistics showed.

In the four-month period, Taiwan's exports to Canada amounted to C\$875 million (U.S.\$700 million), compared with C\$841 million (U.S.\$673 million) during a similar period last year.

During the same period of 1993, Canada exported C\$373 million (U.S.\$298 million) in goods and services to Taiwan, compared with C\$283 million (U.S.\$226 million) in 1992.

Taiwan registered a favorable balance of C\$502 million (U.S.\$402 million) in the two-way trade. Total trade surpassed C\$1.2 billion (U.S.\$998 million) in the four-month period.

Survey: 50 Percent of Foreign Workers Illegal

*OW1407090393 Taipei CNA in English 0808 GMT
14 Jul 93*

[Text] Taipei, July 14 (CNA)—At least 50,000 foreign laborers are working in Taiwan and only half of them are legally employed, according to a recent survey conducted by the Directorate General of Budget, Accounting & Statistics.

Among the 50,000 foreign laborers, 26,492 are government approved legal workers while the rest are working illegally. Mainland Chinese account for the largest percentage of illegal workers, the survey showed.

Thai workers, totaling 17,000 at the end of May, outnumbered legal laborers of other nationalities.

Most foreign workers came from countries in Asia including the Philippines, Malaysia, Hong Kong, Macau, and Mainland China, the directorate said.

The monthly salary for foreign workers employed in the industrial sector averaged NT\$16,470 (U.S.\$620). Those working in construction industries earned the highest income, averaging NT\$18,267 (U.S.\$687) a month, an official said.

The Council of Labor Affairs is preparing to establish a task force for the management of foreign workers as labor-management disputes are increasingly common in Taiwan.

Taiwan formally allowed selected industries to recruit foreign workers in October, 1989. Earlier this year, foreign housemaids were also allowed to legally work here.

Foreign workers have been approved for 73 fields, including construction, textiles, steel, cement and other manufacturing industries with harsh working conditions.

Indirect Investments in Mainland Increase

*OW1407090493 Taipei CNA in English 0811 GMT
14 Jul 93*

[By Y. C. Tsai]

[Text] Taipei, July 14 (CNA)—The investment commission of the Ministry of Economic Affairs Wednesday [14 July] approved 44 outbound investment projects, of which 28 projects worth a total of U.S.\$84 million would go to the mainland.

The mainland investment projects include a U.S.\$20 million glass plant in Qingdao, Shandong by Taiwan Glass and a U.S.\$4.8 million steel mill in Shanghai by Chun Yuan Steel Industry Co., Ltd.

These figures are solid evidence of the growing mainland investment craze, officials pointed out.

In contrast, approved seven investment projects from abroad totaled only U.S.\$5.9 million, they noted.

Hong Kong

SAR Preparatory Subcommittee To Meet 16 Jul

HK1407125093 Hong Kong WEN WEI PO in Chinese
14 Jul 93 p 2

[Dispatch from Beijing by trainee reporter Li Hsiao-ping (2621 4562 0393): "Preliminary Work Subcommittee of Preparatory Committee of Hong Kong SAR Is To Hold Its First Plenary Meeting on Friday, and Central Leaders Will Issue Certificates of Appointment to Members"]

[Text] Beijing, 13 Jul (WEN WEI PO)—It has been learned that the preliminary work subcommittee of the preparatory committee of the Hong Kong Special Administrative Region, which the second session of the Eighth National People's Congress Standing Committee decided to set up, will hold the first meeting in Beijing 16-17 July. State leaders will make a series of important speeches at the meeting. A meeting for the chairmen of the subcommittee will be called on Thursday (15 July).

The specific agenda of the meeting is as follows: On 14 July, subcommittee Chairman Qian Qichen and seven vice chairmen—Ann Tse-kai, Henry Fok Ying-tung, Lu Ping, Zhou Nan, Jiang Enzhu, Zheng Yi, and Simon Li Fook-sean—will gather in Beijing. On the morning of 15 July, a meeting of the chairmen will be called to discuss the agenda of the plenary session of the subcommittee and the matter related to division of the members into groups. On the afternoon of 15 July, members of the subcommittee from Hong Kong will arrive in Beijing and will stay at the Beijing Hong Kong-Macao Center. On the morning of 16 July, central leaders will meet with the members of the subcommittee en masse, give speeches, and issue certificates of appointment. Later, a plenary meeting of the subcommittee will be held at the Hong Kong-Macao Center. In the afternoon, the members will hold group discussions. On the morning of 17 July, the plenary meeting will end after participants listen to speeches made at the meeting.

Editorial Calls 'Political City' Idea 'Scourge'

HK1407091393 Hong Kong WEN WEI PO in Chinese
14 Jul 93 p 2

[Editorial: "Clearly Understand Scourge of 'Political City'"]

[Text] Recently, both Douglas Hurd and Chris Patten vowed to turn Hong Kong into a political city. Their remarks are made at a time when Hong Kong is to be handed over to China in exactly four years, when China and the UK are still holding talks on Hong Kong's 1994-1995 electoral arrangements, and when the British side is still clinging to Chris Patten's reform package. Their remarks have undoubtedly worried Hong Kong people: Is the British side still sincere about implementing the Sino-British Joint Declaration and smoothly handing over Hong Kong to China? Is the British side deliberately trying to create certain hidden

troubles so that the future Special Administrative Region will suffer as a "political city"?

The so-called political city advocated by the British side is absolutely not an ordinary city administered by a government. The British have administered Hong Kong for 141 years and have made constant efforts to prevent Hong Kong from becoming politicized. All the previous Hong Kong governors invariably devoted their energies to two such endeavors: avoid confrontation between Hong Kong and the mainland; and prevent conflicts from breaking out among various political factions in Hong Kong. All of the annual reports published by the Hong Kong Government have invariably sung the praises of the government's policy of noninterference, claiming that a sound judicial system and a low tax rate are the "cornerstone of Hong Kong's economic prosperity." From the 1950's to the 1990's, Hong Kong has been a unique success in the Southeast Asia region. When political turmoil broke out in nearby areas, Hong Kong remained politically stable and was able to create the favorable conditions under which a high rate of economic growth became possible. Although the British are set to withdraw soon, they are making hasty efforts to turn Hong Kong into a political city. Obviously, this is irresponsible behavior on their part.

Northern Ireland's Belfast is perhaps the best known political city in the UK. There, every day, people oppose the central government and call for Northern Ireland to be turned into an independent political entity. As a result, British troops had to be sent there to clamp down on such activities. U.S. President Bill Clinton has also sent a group of investigators there to investigate human rights problems in Northern Ireland. The UK has already lost face. Now, Belfast is a political city where investors have been scared away and where local people, plagued by turmoil, find it impossible to live and work in peace and contentment.

In the wake of the drastic changes that gripped the former Soviet Union and various East European countries, many a metropolis turned into a political city. Such drastic changes have resulted in factional strife, soaring unemployment rates, stifled economic growth, and rapid currency depreciation, as well as bloodshed. How can citizens of those cities benefit economically from such circumstances? Similar cases can also be found in both the Far East and the Middle East.

The Chinese are more aware of the harm of a "political city." No one wishes to return to the days when "politics dominated everything else." This is why people in the whole country have resolutely supported the basic line of taking economic construction as the center. As they have also had their own experiences about the so called "political city" advocated by certain top-level British politicians, Hong Kong people will certainly despise and reject the idea.

Hong Kong is so successful today not because it has been a "political city." Under the former system, the Hong

Kong Government provided citizens with urban services and facilities and provided banking, commercial, and transport businesses with highly efficient service. It also implemented policies with continuity. Thanks to high returns on investment, Hong Kong has been able to attract capital from all over the world. Hong Kong's gross national product per capita stands at \$16,000, higher than that of the UK, its sovereign homeland. After taking office as governor of Hong Kong, Chris Patten immediately dismantled the Executive Council-Legislative Council coordination mechanism, creating a legislative-led pattern. As a result, officials vested with decision-making powers have been unable to formulate policies, but still have to shoulder responsibilities for policies, while legislative councillors involved in the decision-making process have been able to abuse their powers by putting forth irresponsible ideas at will without shouldering any responsibility for them. In breach of more than a century of convention, the Legislative Council has now been vested with the power to veto diplomatic agreements entered into by the British Government. British efforts to turn Hong Kong into a "political city" have already undermined the operations of the Hong Kong Government and have rendered convergence with the Basic Law, which allows a political system marked by "executive-led government and gradual democratization," irrelevant. The British have also tried to support and foster locally based pro-British and anti-Chinese forces with a view to turning Hong Kong into a semi-independent political entity within which various political forces contend for power so that the Hong Kong Government and the British Government will be locked into a state of tension and confrontation when 1997 comes. The British are trying to make trouble out of nothing and make waves without wind.

The so called "political city" is only a relatively implicit notion. Segal, a London-based research fellow, has pointed out: "Hong Kong may become the main battlefield on which Europe and the United States will defeat China on the human rights issue"; namely, a city like the former West Berlin in the cold war days. It may well be asked: Was there any investment in the former West Berlin? Is it not true that, due to economic recession, all the young men of the former West Berlin tried to escape to West Germany to make a living?

Hong Kong will be handed over to China in fewer than four years. However, the British, who all along emphasized economic interests in Hong Kong, have made a sudden turnaround and are trying to make Hong Kong a political city. As a matter of fact, the British are trying to invite international political forces to intervene in Hong Kong affairs, interfere with "one country, two systems," and ultimately, stretch their political hands into the mainland. Their act to fan the flames will undoubtedly undermine Hong Kong's economic prosperity and will be resolutely opposed by the broad masses of Hong Kong people as well.

Commentary on Efforts To Develop Capital Markets

HK1407011693 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0834 GMT 8 Jul 93

[Commentary by Yu Cheng (6735 2052)]

[Text] Hong Kong, 8 Jul (ZHONGGUO TONGXUN SHE)—In the revised draft regulations on banking formulated by the British Hong Kong Government not long ago, a very notable point was the intentional establishment of a central custodianship system for government-approved debt instruments in transactions free of negotiable instruments. It is thought that such a practice will insure the rights and interests of many sides, while being beneficial to the relatively rapid development of Hong Kong's capital market.

Hong Kong's capital market has actually been under development for a dozen years or so; however, a comparatively large breakthrough is not on the horizon today. It is thought that this has something to do with a failure in coordination between market structure and traditional investment strategies. Based on the fact that the commercial paper and bond markets have failed to develop synchronously with the overall money market, the British Hong Kong Government's financial authorities need to adopt active corresponding measures to activate a capital market so that Hong Kong will be able to equal other major international financial centers.

Recently, the Monetary Authority has been formulating a plan to implement a central custodianship system so that the rights and interests of government-approved debt instruments in transactions free of negotiable instruments may be recognized, and this will be beneficial to boosting investor confidence in the capital market. Actually, in Hong Kong's capital market, with the exception of the negotiable instruments of foreign exchange and bonds, which enjoy a complete and perfect structure for trading and transactions, procedures for other commercial paper or bond transactions have not been ideal, and such a situation has impeded market development. The Monetary Authority will play an active role in the market as soon as it takes the lead to focus efforts to handle these transaction procedures.

According to the relevant draft, the Monetary Authority will take a more active role in supervising the capital market. This is fine, because the structure of new arrangements for accounting and the regulation mechanisms for circulating funds, which the Monetary Authority has formulated for the Hong Kong dollar market over the years, are capable of effective supervision as well as insuring the market's normal operation.

Through official legislative procedures, such debt instruments as government-approved bonds, certificates of deposit, and negotiable instruments with fixed or floating interest rates, as well as commercial paper and private loans, will all come under the ambit of the Hong Kong Monetary

Authority, which will act as the central custodian organization and transaction agency; consequently, trading and transactions on the capital market will be included in its official orbit. This action is really beneficial to augmenting confidence in the market among investors in Hong Kong and overseas.

Actually, Hong Kong's capital market has considerably great potential for development. Noteworthy is the fact that independent investment funds organized by pension or provident funds and mutual funds serving private investors have expanded at a relatively high rate in recent years, and there is still much room for development in the future. Under circumstances where an excessively great market volume has yet to surface, it is

necessary for the Monetary Authority to complete and perfect its structure as early as possible.

The person issuing a debt instrument will issue global bonds for every issue of the debt instrument, with the Hong Kong Monetary Authority acting as the holder of the instrument, whereas approved transaction traders will keep a record of interests in their computer system and will conduct transfers of interest upon receiving relevant instructions. It is estimated that such practices will accelerate transaction procedures and reduce risk during this process. If this operational structure could accomplish its expected goal the development of a capital market will surely be promoted. Success in trading negotiable instruments in foreign exchange and bonds will help enhance people's faith in the central custodianship system.

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